FT No. 31,660 THE FINANCIAL TIMES LIMITED 1992

Friday January 17 1992

Germany plans

stock markets

world, Germany needed a fully-

developed financial market

meeting the finest interna-tional standards.

This called for a strong, dynamic, universal banking

system, internationally com-

petitive stock markets and an efficient, flexible, high-capacity

insurance market.

The federal government is likely to face resistance to

some of the proposals from the fiercely independent state gov-ernments who fear losses of

The Bundesbank, the inde-

ralisation measures embod-

pendent central bank, has in the past opposed some of the

ied in yesterday's plan.

Mr Waigel proposed legal
amendments to give invest-

ment trusts greater flexibility. At present, they face strict

Under Mr Waigel's proposals they would be able to operate

in the money markets allowing

them, according to a finance ministry document, to deploy a

full portfolio of investment

The Bundesbank has argued that such liberalisation would

interfers with the reserve requirements which financial

institutions are required to

Mr Waigel also urged the

increased use of technology,

mainly to reduce transaction

stment limits.

shake-up of

By Christopher Parkes in Bonn

THE German government yesterday launched a comprehensive package of measures aimed at turning Frankfurt into a world financial centre to rival London, New York and

The proposals are also aimed at polishing up the country's tarnished image in the wake of a series of financial scandals.

At the heart of the plan, is the development of "effective and internationally recog-

nised" supervision of securities

The plan, drawn up by Mr
Theo Waigel, the German
finance minister, would also:

Make insider trading punishable with up to two years

 Give fair treatment to investors and provide greater trans-parency in companies' share

registers, in line with interna-

• Encourage the country's eight regional stock exchanges to establish a "central stock exchange", providing essential services for the eight from one

The measures also include

important technical changes aimed at giving financial insti-tutions a bigger competitive edge. Mr Waigel wants the

measures approved and writ-

ten into the statute books by

He said that as the third

the end of the year.

tional rules of conduct.

markets.

roll again?

Nissan to

boost UK

D 8523A

1.54

Mideast talks Italy finds deadlocked as Israeli crisis grows

NHAUEN OF THE OR The latest round of Middle East peace talks ended in vir-tual deadlock after four days of Washington talks. Israeli delegates flew home, a day detegates hew home, a tay later than planned, to face a mounting domestic political crists after the withdrawal announced by two rightwing parties imperilled the partia. mentary majority of the Likud-led coalition. Page 14; lifid-bridge in Mideast, Page 12

Yeltsin sabotage cialm Russian president Boris Yelt-sin vowed to speed up privati-sation and smash monopolles in the face of what he called "sabotage" by powerful forces, jacinding former communist efficials. Page 14

US wants Saddam out thinks it the The US will keep pressing for the overthrow of Iraqi presi-dent Saddam Hussein and will meantime ensure that Iraq remains "a pariah among nations," the White House said on the first anniversary of the Gulf war's outbreak. Editorial Which es

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The second secon

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Military helicopters hovered over the Greek supreme court as 13 senior judges considered their verdict at the end of the trial of former socialist premier Andreas Papandreou on corruntion charges. Page 14

other to have a in Lineage at Salvador accord signed mind to be because The Salvador government and leftwing rebels signed a peace accord in Mexico City which promises to end a war in which 75,000 people have been killed. And Se mail ic yeares =

Made 2 East Police ring car plants South Korean riot police sur-rounded the Hyundai car plants where defiant union さい、推議者: workers, armed with steel ... pipes, are in occupation. They are demanding reinstatement of sacked colleagues. Page 4

Estonia food crisis Estonia's parliament declared a state of emergency because of the country's dwindling food supplies. It created a special committee to control produc-

The UN postponed evacuation of 15,000 Sudanese refugees from a camp in Ethiopia after four local employees of a Ger-

Hundreds of police combed Sardinia for a seven-year-old a villa in Porto Cervo.

Death penalty uphold Cube's Supreme Court upheld death sentences on two Cuben exiles convicted of terrorism on a third man to 30 years.

Landon police were questionng a man about Britain's big gest seizure of counterfeit currency. Forged Dutch guilders with a face value of £20m

Out of the frying pan... SC officials were forced to fiee new Brussels premises when fire broke out in the basemen They had moved out of their old office because it was con-



slaver's diary of death

Bordeaux's new white — a taste of

attend a conference in Washington

Editorial Community A Gulf War audit: Labour

Mames to the reforms has been tentative8

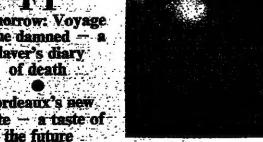
Childenes State provision will be on the

Arta Guide + Reviews , 11

Crossword 30 Currencies & Inoney 30

agends at the UK general election

CONTENTS



Business Summary

\$8.2bn in aid for state groups

The Italian government approved L10,000bn (\$8.2bn) in funds for IRI, the state holding company, and Effm, the state industrial holding. The money will be allocated under a formula intended to circumvent a supreme court block on such funds, and to satisfy the European Commission, which closely monitors aid to Italian industry. Page 14

US ECONOMY: President George Bush is formulating a package of tax cuts and eco-nomic growth proposals to kick-start the economy, but the White House is withhold ing details until the State of the Union address on January 26 and formal budget presenta-tions the next day. Page 5

MAXWELL Communication Corporation: Two secretive Swiss holding companies bought some £50m shares in MCC in April 1991, making them key targets of the invest gation into an alleged illegal scheme to support the compa-ny's share price. Page 14

HELICOPTERS: Aerospatiale of France and Deutsche Aero-space merged their helicopter interests into a new company called Eurocopter to form the world's second biggest helicop-ter manufacturer. Page 16

UK BANKS: TSB Group announced a £47m loss for the year, foreshadowing a series of results from UK banks likely to be the worst in respect of domestic operations since they started to disclose figures almost 20 years ago. Page 15

NATIONAL Westminster Bancorp, wholly owned US subsidiary of Britain's Nations ter Bank, revealed a \$371.5m loss for 1991, up from \$352m in 1990. Page 15

NORIA, leading Finnish tech-nology group, has appointed Jorma Ollila, 41, head of the company's mobile phones division, as president, starting immediately. He will also become chief executive and chairman on June 1. Page 15

URUGUAY Round: The US is "drifting towards a preferis andermining efforts to secure an open multilateral trading system, according to Sir Leon British, EC competition commissioner. Page 3

AUSTRALIA'S unemployment post-war record of 10.6 per cent, or 910,300, increasing pressure on the Labor government to stimulate the econ-

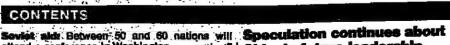
omy. Page 4 FISONS' most promising product - Tilade, an asthma drug - has been strongly criticised by US Food and Drug Adminis-tration, casting a shadow over the prospects for profits

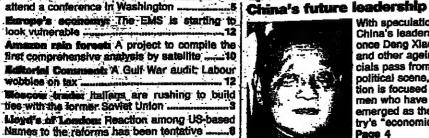
pany. Page 16 SIEMENS, German electrical and electronics group, reported a 6 per cent rise in first-quarter net profits to DM398m (\$249m) and indicated that earnings for the year would be around

DM2bn. Page 16 PERRIER: Italy's Agnelli family came under pressure to launch a direct bid for Perrier, when the stock exchange authorities refused exemption from the obligation to launch

an offer. Page 16







With speculation about China's leadership once Deng Xiaoping and other ageing offi cials pass from the political scene, attention is focused on two men who have emerged as the coun

-London

Y225.75 (225.5) New York Comex Feb \$357.0 (354.7) Londor \$357.65 (354.55)

US lunchtime rates Fed Funds: 3%% 3-mo Treasury 3.89% \$\$17.95 (17.90) Chief price changes yesterday: Page 15 yield: 7.62% (7.556)

DOLLAR

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SFr1.4335

London

New York lunchtime:

FT-SE Eurotrack 100 1,131.02 (-9.50) DM1.6185 (1.622) New York luncht FFr5.5175 (5.532) SFr1.437 (1.4425) 3,246,87 (-11,63) S&P Comp 417.61 (-3.16) \$ index 63.4 (63.4) Tokyo close: Y128.43 Tokyo: Nikkei 21,612.19 (-162.94) LONDON MONEY 1023% (1023%)

effect of increasing market transparency, liquidity and

racked recently by the expo-sure of insider trading scandals and other abuses. The country's decentralised markets system is also considered by some to put it at a disadvantage in comparison with London, Tokyo and New York for

The ministry favours a selfregulatory system for keep markets in order, but says that whatever its form and methods, the markets authority must have powers of control and sanction, and it must also operate from a single base the better to co-operate with simi-lar bodies overseas.

Mr Waigel was, however, careful to point out that the proven supervisory systems in the eight regional exchanges should continue and their operations should be "integrated" into the national

As well as helping fund the redevelopment of the former DDR, Germany had "a predes-tined, key role" to play as the conduit for the international financing of the transformation of central and east European countries to market economies.



Mohamed Boudiaf, who will head the Algerian high council of state following the resignation of president Chadli Benjedid, arrives in Algiers yesterday after 27

factory's output by a third

By John Griffiths in London

NISSAN, the Japanese motor manufacturer, plans to increase production capacity at its Sunderland car plant in north-east England by more than a third to 300,000 units

annally by next year.

The move, to be announced in Tokyo this morning by Mr Yutaka Kume, Nissan presient, will intensify concerns of dent, will intensify concerns of indigenous European vehicle producers about the potential long-term volume of Japanese car production in the UK.

Nissan is planning for actual output at Sunderland next year of 270,000, more than double the 124,000 achieved in 1991. The latest move to raise capacity - Nissan's second announced increase within a year - will cost £200m (\$358m) and bring its output expansion far beyond what most in the industry expected.

The latest spending at Sunderland will create 600 jobs and bring investment at the 760-acre site to £300m. It will make the Nissan project investment by a Japanese com-pany in Europe, overtaking Toyota's £840m car and engine-manufacturing projects at Derby and Shotton in the

Mr Peter Lilley, UK trade secretary, said the Nissan expansion "demonstrates that we remain the most important me for inward investment in Europe". He said he did not expect objections to the plan from other European Commu-

nity member states. The increase will lift Nis-san's UK production above the 200,000 originally projected when the venture was first nounced in the early 1980s. Last year, Nissan Motor Manufacturing (UK) had said it intended to raise production to 220,000 in 1993. It produced 124,000 cars in 1991 and expects to produce 175,000 this year after production of a sec-oud model, the Micra, starts in

the second half. The news was welcomed ves terday by component makers who stand to gain substantial new business. Mr Ian Gibson nanaging director of the man ufacturing subsidiary, said Nissan's spending with European component suppliers would rise to £850m next year from £600m in 1991. Spending with UK-based suppliers would rise from £425m to £655m. Continued on Page 14

car output falls. Page 9

Ousted president returns to Georgia

GEORGIA'S ousted president, Mr Zviad Gamsakhurdia, yes-terday returned from exile to the west of the republic and called on his supporters to arm themselves and march on the capital Thilisi

The return of Mr Gamsakhurdia, who fied on January 6 after a bloody two-week siege of parliament by opposition forces, poses a serious threat to the fragile stability that has been achieved. It revives the spectre of civil war not just in the capital but elsewhere in

the republic.
Local reports said the president had addressed a rally in the western city of Zugdidi,

Mr Jean-François Bigay, Eurocopter's chairman, said

the new company controlled by

Aérospatiale wanted to attract

other partners including Agusta of Italy and Westland of the UK, its two European

competitors. It also wants to negotiate alliances with Asian

partners and possibly with a

depressed civil helicopter mar-ket, Mr Bigay said he expected

of a civil war against the mil-tary council which seized con-trol of the republic after his

The council responded with a television appeal for a count-er-demonstration in Tbilisi. Mr Jaba loseliam, one of the two leaders of the council, dismissed the threat to the new government and said troops had already been sent to block any march by Gamsakhurdia

the Georgian Black Sea coast, in the early hours.

supporters. Mr Gamsakhurdia had been eltering in Armenia, which had offered him temporary asy-lum, and where he repeatedly declared he was still president

He arrived in Sukhumi, on

Some reports suggest he flew via Grozny, capital of the Chechen-Ingush autonomous republic north of Georgia, which has expressed support for Mr Gamsakhurdia and called his removal from power

The extent of any fresh conflict depends on how much popular support remains for the president and on the effect of the anti-Gamsakhurdia pro-

paganda campaign waged by the new government. Since gaining control of republican television, the opposition has made repeated broadcasts denouncing the president and

more than Rhslbn during his presidency, to having set up a private 200" for his family. He has also claimed that docments exist showing that Mr diagnosed mentally ill

Gamsakhurdia was three times Such denunciations seem to have made little impression on the 1,000 or so supporters of

demonstrating regularly in

prime minister, has accused Mr. Gamsakhurdia of a variety of

excesses. The accusations

range from stealing Rbs200m from state funds before he fied

the republic and embezzling

documenting his alleged abuses of human rights.

Mr Tengiz Sigus, acting particularly among his own of support in western Georgia, particularly among his own ethnic group, the Mingrel peo-

The fact that Mr Gamsakhurdia's support is concentrated in Mingrelia and Abkhazia in western Georgia also raises the possibility of a regional/ethnic dimension being added to the conflict. Tass reported yester-day that Gamsakhurdia repre-sentatives were discussing the idea of uniting the two regions into an independent Mingrel-Abkhazian republic.

But Mr Vladislav Ardzinba, chairman of Abkhazia's parliament, said he was unaware of

French and German groups merge helicopter interests IF YOU WANT TO By Paul Betts, Aerospace Correspondent, in Paris

AEROSPATIALE of France the number of leading western and Deutsche Aerospace yes-terday merged their helicopter interests into a new company called Eurocopter to form the helicopter manufacturers to decline from eight to about three or four by the end of the decade.

Eurocopter is the first tangi-ble move in this global rationter manufacturer after Sikalisation of the depressed heli-copter industry. But further rationalisation in Europe is likely to prove difficult in the short term because both Westland and Agusta have so far shown little interest in asso-ciating themselves with Eurocopter. Westland, which is associated with Sikorsky, and Agusta are currently co-operat-ing on the EH 101 naval and

Russian group. He confirmed Taiwan Aerotroop transport helicopter, Mr Bigay said the combined He commed Taiwan Aero-space was interested in coop-erating with Eurocopter which already has ties with China, Japan and Singapore. The com-pany is also conducting prelim-inary studies of possible co-operation with a Russian helicopter design group. Aérospatiale and Deutsche Aerospace helicopter operations were expected to show a net profit in 1991 of about 4-4.5 per cent of their combined turnover of FFr12.65bn last year. "Anything below that would be disappointing", he added. helicopter design group. In the face of shrinking government defence budgets and a

MARKETS

New York lunch(\$ \$1.765 London: \$1.7605 (1.756)

FF19.7125 (9.715)

last year worth FFr3.4bn with Aérospatiale accounting for 216 of them. This was lower than the 290 orders Aerospatiale's helicopter devision won in 1990 and reflected the depressed state of the market, especially

Mr Bigay said military orders had reached their lowest level since 1960 and pros-pects for 1992 remained bleak. A further uncertainty was the German government's recent proposal to reduce its requirement for the new Tiger antitank helicopter currently being developed by Eurocopter by DM2bn between 1993 and 2005. Mr Bigay said this could involve between 70 and 75 heli-

The Eurocopter chairman warned that the decline in defence spending could lead to more structural problems for the helicopter industry. But Eurocopter planned to strengthen its leadership position in the civil helicopter mar The combined operations ket to help offset the decline in

STOCK MIDICES

2,541.6 (+4.5)

1,211.58 (+0.3)

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Tobacco lobby heads off advertising ban

THE TOBACCO lobby last night won a temporary reprieve when the European Parliament threw back into committee a Commission plan to ban all tobacco advertising except at the point of sale.

The controversial proposal, which follows a 1989 EC ban on tobacco advertising on television, hit a procedural hurdle when some heavily-lobbied MEPs successfully demanded an opinion from the legal affairs committee on whether

majority.
It will therefore be next month before the parliament can give the proposal a first reading.

reading.

If this measure ends up requiring unanimity among EC governments, MEPs will be

allowed only a minor consulta-tive role. It is thus a tribute to the tobacco lobby's clout that a fairly large number of MRPs fairly large number of MRPs appear ready to forgo the extra amending power which the parliament has on measures presented for majority decision. This is especially so given that the Commission claims tobacco advertising accounts for only 1.5 per cent of all publicity spending.

Gary Mead, Marketing Correspondent adds: The decision to refer the draft on tobacco advertising back to the parliament's legal affairs committee was described yesterday by Mr Lionel Stambrooke, European

Lionel Stambrooke, European affairs director of the London-based Advertising Association, as extremely significant. "It's clear that proponents of

than Article 100, requiring a

Mr Stambrooke believes that the legal affairs committee, which is heavily dominated by lawyars, is now likely to change the legal basis of the proposed draft on prohibiting tobacco advertising, to bring it under the aegis of Article 235 of the treaty of Rome - requirements. ing unanimity among the Council of Ministers - rather

Achilles heel - the legal basis for the ban. Now the arrow has

The senach to a complete ban on all forms of tobacco advertising will be welcomed not only by tobacco companies, but also the overwhelming majority of British newspaper and magazine publications, which gain considerable revenue from such advertising.

Dispelling German Police raid scent of scandal

By David Waller in Frankfurt

THERE is one word which is not mentioned in yesterday's long and carefully argued paper from the German finance minister on financial market reform: that word is scandal. And yet scandal is the word that has been the word on every Frankfurt financier's lips

in the last year, and there is no doubt that it is scandal that has driven the Finance Ministry to launch yesterday's com-prehensive package of reforms. For 1991 was a year when the Frankfurt tax authorities launched investigations into the private tax affairs of 400 traders at prominent brokers and banks, amid widespread allegations of longstanding tax

It was also the year when the Frankfurt Stock Exchange undertook an investigation into alleged insider dealing at the mighty Deutsche Bank. and when the Economics Ministry of the state of Hesse - in which Frankfurt is located unleashed a probe into local

brokers and a market practice known as "dividend stripping". Senior German financiers never use the word scandal to describe any of these individ-ual cases without prefacing it with the phrase "so-called". They are able to find good reasons why each case was not really scandalous. The tax problems of traders reflect the problems of private individu-als, they argue. They note that all those scrutinised for alleged insider dealing were exoner-

Yet, they tacitly admit that the collective impact of this unfortunate sequence of events is bad for the image of Ger-many and bad for the German financial services business. Behind the scenes, senior

bankers, market officials and representatives of regional and central government have been meeting regularly to decide what they ought to do to counter the damage. The result is vesterdar's appropriate

is yesterday's announcement from Bonn. The central proposals, floated individually before but bound together for the first time in yesterday's document

from the Finance Ministry, are

There should be a central authority for stock-market reg-ulation, "as is usual in the most important financial markets and already exists in banking and insurance". There are few details about the scope of the new body's authority, but it will be responsible for policing insider trading and liaising with international

stock-market authorities over issues such as regulation.

• A new insider law will be introduced. This is necessary, the minister says, because the present system is limited by the fact that it relies on the voluntary co-operation of mar-ket participants and lacks tough sanctions. There will be legal sanctions against insider offences with the possibility of confiscating any financial gains. Legal, investigatory and other powers will be vested in

the new regulatory body.

It is intended that these measures will be implemented in law by the end of 1992, giving plenty of time for all parties involved to agree detailed plans for implementation.

As the minister says, it is

hoped that these and other measures will make Germany's financial services industry fit-ter. What he does not say is that it is hoped it will make Germany scandal-free.

NEWS IN BRIEF

Big rise in attacks on foreigners in Germany

THE number of attacks on foreigners in Germany increased tenfold in 1991 to 2,368, according to a confidential government report disclosed by a Berlin newspaper yesterday, Reuter reports

from Berlin.

"The drastic increase has led to serious unease among asylum-seeking and (resident) foreigners in Germany," the report said. The problem has prompted a police crackdown on neo-Nazi gangs and greater effort to protect foreigners.

The report recorded hundreds of fire bombings of hostels for asylum-seekers as well as physical assaults on individuals. It said most of the culprits were neo-Nazi skinheads and right-wing high school students, apprentices or unemployed young people.

Retail sales fall 0.5%

Retail sales in west Germany provisionally fell 0.5 per cent in real terms in November against November 1990, the Federal Statistics office said, Reuter reports from Wiesbaden.

Sales of new vehicles, car parts and tyres dropped 6 per cent while electronic and music equipment sales fell 4 per cent. Sales of pharmaceutical products rose 5 per cent and textile, clothing and shoe sales increased 3 per cent. Paper goods and office equipment sales rose 1 per cent. In the first 11 months of 1991, retail sales rose 6 per cent.

Thyssen managers face charges

Three former top managers of Germany's largest steel company
Thyssen have been charged with illegally exporting rocket engine
pumps to Iraq, Reuter reports from Bochum.

The prosecutor's office said the three were suspected of
exporting 35 turbo pumps and five jet casings, valued at DM1.9m.
(\$1.2m) to Iraq in the spring of 1990, without obtaining proper

Privatisation to go private

Turkey's privatisation agency is to be restructured as a private company, in an attempt to insulate the government from criticism before the sale of state assets, writes John Murray Brown in Ankara. The changes form a key part of an economic package to be unveiled this weekend following yesterday's presentation of the new budget to parliament.

More than 120 state companies are to be grouped under this new body, which will prepare them for sale. Companies affected include THY, the national airline, cement factories and the Tupras oil refining corporation.

Poles 'oppose general strike'

Two-thirds of Poles oppose a general strike, according to a government-conducted opinion poll, writes Christopher Bobinski in Warsaw. The left-wing OPZZ trade union movement and the Solidarity trade union have staged token stoppages over energy

They explain that their guide jobs are part of a public work-creation programme and speak wistfully of the glorious film-making past in Bahelsberg. But, if the Treuhand privatisation agency has its way, the Bahelsberg site will be resurrected as an ultra-modern media and entertainment centre serving Berlin, the resurgent German capital across the Havel river.

The agency wants to see film and The agency wants to see film and television production in Babelsberg along with other media. The Treuhand, which is investing DMSm this year to OPZZ, which has 4.7m members, claimed widespread support for its action yesterday as the government, led by Mr Jan Olszewski, repeated it would not give way. Solidarity's leadership meets on Tuesday to consider calling a general strike.

By William Dawkins

A LONG-RUNNING scandal over corrupt fund-raising by political parties has resurfaced

pointcal parties has resurraced in France after a police raid on the Paris headquarters of the governing Socialist party.

The investigation, ordered by Mr Renaud Van Ruymbeke, an examining judge, has not yet led to any charges, but it is an embarrassment for the Socialists in the runum in the Socialists in the run-up to the regional elections in March. Police have been investiga-ting allegations of local author-

ting anegarous of local authority corruption, involving thousands of elected politicians of all parties, for three years.

If has been claimed in court that building companies paid phoney consultancy firms

owned by party supporters, in exchange for the use of politi-cal influence to win contracts. Parliament voted an Parliament voted an amnesty for wrongdoers two years ago, but this is supposed to cover officials and not MPs.

Socialist officials say they have nothing to hide, but have condemned the latest inquiry as "partisan", pointing to the coincidence that it took place only hours after a ceremony in the same building at which Mr. Places Mauron handed over of Pierre Mauroy handed over of the job of party first secretary to Mr Laurent Fabius, a former

The inquiry centred on the office of the party treasurer, Mr Henri Emmanuelli, ironically focusing party support on the formerly unpopular selec-tion of Mr Emmanuelli to succeed Mr Fabius as leader of the

national assembly.
Opposition parties have reacted with restraint to the inquiry, conscious of the fact that the spotlight could also fall on them. Mr François Bayrou, general secretary of the centre-right UDF, said: "There is no political commentary to makewhen a judge does his work in a dispassionate

Phone fraud broken

italian police have broken a serious fraud in the use of cel-lular telephones costing SIP, the state telephone company. L20hn (\$16.75m), writes Robert Graham in Rome. A total of 28 people have been arrested, mostly in La Spezia, Pisa and Naples, and 1,000 cellular believes confiscated.

FITLE but memories remain at the site of the former Universum-Film's Babelsberg studios at Potsdam to remind one of the heyday of

Potsdam to remind one of the heyday or German film in the 1920s. Mariene Dietrich, Greta Garbo, Peter Lorre, Billy Wilder, Pritz Lang, Joseph von Sternberg and Robert Siodmak were only a few of the stars and direc-tors who worked for Universum-Film at one of Europe's largest film production cites.

Today the dingy studio buildings resembling obsolescent east German factory halls are virtually empty. Tours

of the film site are offered in an attempt to emulate those at Universal Studios in

Hollywood But visitors to Babelsberg, after paying DM11 (\$6.90), find themselves being shepherded through the bleak studios by dejected former

employees of Deutsche-Film (DEFA), the East German successor to Univer-

They explain that their guide jobs are

resurrects scandal in France

I AM not sure what passport I will carry or what country I live in," said Jovana, a student at Belgrade University, the day after the European Community recognised Croatia and Slo-

> In spite of Serbia's propa-ganda that Yugoslavia still exists, many Serbs yesterday expressed a mixture of sad-ness, confusion and relief at the formal break-up of the

By Laura Silber in Belgrade

Yugoslav federation.

Mr Petar Lukovic, a journalist at Vreme, a liberal news weekly, said: "Yugoslavia actually ceased to exist some time ago. It is not the same country." ago, it is not the same county if I cannot call my friends in Zagreb and Ljubljana. It takes 24 hours to reach Zagreb from Belgrade, because you have to

recognition issue

By David Buchan in Strasbourg

THE Portuguese presidency of the European Community said yesterday that recognition of remaining Yugoslav republics seeking independence was for individual EC states to decide. Mr João de Deus Pinheiro, Portugal's foreign minister, said "recognition is a question of national sovereignty" for individual EC states. "There is nothing in the Treaty of Rome or the Maastricht treaty which obliges us to move together. We will try, but there are no guarantees [of success]," he

Portugal has thus signalled it does not intend to spend much of its EC presidency over the first half of this year in an attempt to maintain diplomatic unity on the Yugoslav crisis, as happened to the previous Dutch presidency. None the less, Mr Pinheiro predicted that there would be no immediate ate rush by the majority of EC states to recognise Macedonia against the wishes of Greece. Though the EC-commissioned Badinter report has cleared Macedonia for recognition, Athens is unhappy that the name of the putative state

implied a claim on the loyalties of Greek Macedonians.

Despite the UN-brokered ceasefire, a Croatian militiaman was still in training yesterday in Dalmatia

go via Budapest. But no one should he surprised. It's not as if people were saleep and sud-denly awoke to discover that

Yugoalavia no longer exista."
Mr Dusan Simic, a Belgrade
journalist, said: "We have lost
the most beautiful parts of the
country. What remains is the

Mr Srdjan Saper, a film maker, commented: "The

break-up is painful. It repre-

sents the victory of provincial-ism over something that was a fairy tale," referring to the

multinational country of 34m people. He added: "But at the same time now there is the

Serbs mourn passing of Yugoslavia

In Belgrade, Serbian leaders yesterday said the newly-recognised Croatia would have to cade its territory controlled by Serbs after the EC decision to recognise Croatia and Slovenia, though President Franjo Tudjman of Croatia has vowed. to regain all of the republic's lost territory.

Mr Borisav Jovic, a member of the rump federal state presi-dency, said: "Croatia can be recognised only within the borders where it actually has authority," reported Tanjug, the Belgrade-based news

agency.
The Serb-dominated federal army and Serb milities control about a third of Croatia's terri-

tory.

"In the present situation, the arrival of peace-keeping forces on the territory of Krajina [southern Croatia] is of great importance." The very presence of UN forces limited Croatian and Croatian in those atian sovereignty in those areas, regardless of recognition of Croatia, he said.

Blockbuster plan at old German film site

mer federal foreign minister, said: "The most tragic events are in the past. Sooner or later there will be six independent republics and we can set up

The international recognition of Croatian and Slovene independence appears to offer the chance for the war to end, and the possibility that people will reject the policies of Mr Slobodan Milosevic, the presi-dent of Serbia, which forced the break-up of Yugoslavia But public opposition in Serbia to the war is mostly confined to a minority in Belgrade, where it is still possible to summon a crowd for a nation-

new which has all possibili-

rejected the chance for a con-federation with Croatia and Slovenia, a community with loose economic and political ties, but now we have lost that chance," said Mr Lukovic.

He added: "People will only rise up against Milosevic when instead of the idea of a Greater Serbia or a smaller Yugoslavia, they ask not where they live

Mr Milosevic has excelled in deflecting criticism and con-trolling Serbia's political

"Serbia broke up this country. Milosevic lost the war, and people are living worse than ever before," said a Belgrade lawyer, who asked not to be identified.

Lisbon plays down Stoltenberg urges wider role for army

By Quentin Peel in Bonn

where the interests of one member state are at stake, we must make an effort and try not to reach a solution unacceptable to it," said Mr Pinheiro. The debate over the future role of the Bundeswehr, and

its involvement in operations outside the area of the Nato alliance, has blown up once again, at the same time as a parliamentary committee starts work on an overhaul of the German constitution. The Gulf war, the need for

international peacekeeping forces in Yugoklavia, and the possibility of other conflicts in the former Soviet Union, have focused public attention on the constitutional restrictions on Germany taking part in such

In spite of a segree of politi-cal consensus over participa-tion in United Nations peacekeeping exercises, government and opposition are divided over the limits to be put on it. Thus the opposition Social Democrats (SPD), whose support is needed for any constitutional amendment, are adamant that German troops should only be used for peace-keeping, not for peace-

Mr Stolienberg presented to parliament the report of an independent commission into the future role of the Bundes wehr, recommending its use in "international actions to secure peace and maintain international law". He said the Bunderwehr should also be Bundeswehr should also be involved in the building of a defence arm to the future European political union, and that German armed forces "should be able to take part in the whole spectrum of international actions in the framework of the United Nations charter".

charter".
The defence minister said The defence minister said that the defence budget for the coming years had been reduced to DM9hm (\$5.60hm) a year, a real cut of almost half in the layer of spending of the mid-1940s. Any further cuts. mid-1980s. Any further cuts

were unacceptable. Mr Walter Kolbow, defence spokesman for the SPD, said the demand of the government for such a sweep-ing "out of area" role for the Bundeswehr remained unseceptable to the opposition. He also insisted that further bud-set cuts were feasible, includget cuts were feasible, includ-ing abandonment of the European Fighter Aircraft (EFA).

pagnis Générale des Baux (CGE), the French conglomerate which is an important film producer, are battling to become the main investors at Babels-

Claims and counter-claims have been

lasked to the German media and one exasperated Treuhand official said Paris

was exerting considerable political pressure on Bonn to get the Trenhand to decide in favour of CGE.

The competition is so intense that I

Iata official resigns over court case link

A TOP official of the International Air Transport Association (Ista) has resigned after being linked to a Wash-ington court case, Reuter

reports from Geneva. Ista said Dr Edward Spry had submitted his resignation as managing director of the organisation — which with 204 members groups almost all the after only three months in the

"We have learnt of the involvement of this official of lata in a court case in Wash-ington DC and we are investiingoin DC and we are investi-gating," the spokesman, Mr John Brindley, said. "Dr Spry has resigned from his posi-tion." Dr Spry, a Briton who had worked for lata for nearly 20 years, could not immedi-ately be contacted for com-

An economist, he took up the post in November following his appointment last May on the retirement — after eight

Neil Glesson.

As managing director, he was number two in the Geneva-based organisation and was responsible for its day-to-day internal administration, reporting to Mr Gonter Eser, director-general.

The Washington court case was a civil suit brought by Airline Recommics, an aviation

consulting firm, against its for-mer president, Mr Harold Par-sti, alleging misappropriation of funds and other acts.

or runds and other acts.

A report in the Washington-based Travel Weekly on Janu-ary 6 quoted papers filed in the US district court by Mr Pareti as denying the allegations and accusing the firm's principals of lying to him about its

The weekly also said Mr Par-eti accused them of paying what he called unlawful kick-

Brussels gives ground over waste plans

THE European Commission has dropped key provisions of a plan to reduce the amount of discarded packaging dumped on Community rubbish tips following intense pressure from industry and trade, Reuter reports from Russells.

it latest draft proposals, as yet unofficial and subject to change, aim to bring into line differing national schemes for combating mountains of discarded packaging, from wooden crates to toothpaste

But industry officials expressed disappointment yes-terday that the proposals were unlikely to force Germany to ease important parts of its con-troversial packaging recycling law. This has imposed tough obligations on industry and trade to take back and recycle used packaging.
There have been several for-

mal complaints to Brussels alleging it breaches the EC's free trade rules.

The paper abandons the idea, which industry had hated, of freezing per-capita output of packaging waste at

Governments and industry would have to ensure that within 10 years at least 90 per cent of all used packaging was "recovered" – reused, recycled into new products, burned to produce energy or turned into compost. At least 60 per cent would have to be reused or recycled within the same time. recycled within the same time.

Estrier plans for achieving a 60 per cent recovery rate and

60 per cent recovery rate and
40 per cent recycling within
five years no longer figure in
the text, giving member states
greater flexibility.

Also gone are controversial
proposals for an EC-wide
charge on packaging to fund
national waste management
schemes. Member states are
left instead to decide on such
measures themselves.

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Leslie Colitt describes efforts to get the cameras rolling again at Babelsberg studios Peter Lorre Berlin

moderalse DEFA's infrastructure, has agreed to let Brandenburg Radio begin operating on part of the site and wants the highly-regarded Film Academy, located in several nearby villas, to It has set a date of February 28, by

which time bidders must present their concepts for using the sits. Two large Buropean groups with extensive media activities are among those who have already shown strong interest. Bertelsmann, the giant German media group with large US investments, and Com-

"The competition is so intense that I would not be surprised if my telephone is being tapped," he remarked.

Mr Berbert Kuppers, CGE's director in Germany, stressed last month that it wanted to take over the entire DEFA, including the 432,000 square neire site and buildings. It was prepared to invest up to DM150m in the near future and "billions" later on.

The company set a deadline of last December 31 for its bid but still remains in the running, according to the Trenhand. Neither the agency nor the state of Brandenburg, in which Babelsberg is located, wants a takeover of the entire site by one investor, which explains an apparent delay in reaching a decision. Mr Fram Wauschkuhn, a spokesman for the agency, said it planned to reach a decision by next May and would not be "put under pressure" by bidders.

be "put under pressure" by bidders.
Bertelsmann, which is hased in
Güterslob, has kept its cards closer to
its chest but has the decided advantage of already owning the Universum-Film Use title and the rights to its films.

Brittan attacks 'drift to managed US trade'

Y JANUARY,

By David Gardner in Brussels

THE US is "drifting towards a preference for managed trade" which is undermining efforts to secure an open multilateral trading system through the General Agreement on Tariffs and Trade (Gatt), according to Sir Leon Brittan, EC competition commissioner.

His remarks come during a increasingly sharp transatis trade argument, which

His remarks come during an increasingly sharp transatiantic trade, argument, which in the past week has centred on the farm subsidies row within the Uruguay Round negotiations, and the remewed controversy over German exchange rate support to the European Airbus consortium through Daimler Bous.

387 Leon, speaking to the

Daimler Benz.
Sir Leon, speaking to the Centre for European Policy Research in Paris, highlighted "political deals" the US has struck to gain Japanese market share in semiconductors, public works, seronautics, satellities and telecommunications and following Precident

and the coloring President George Bush's visit to Tokyo last week, cars.

He also draw attention to the US's growing arsenal of protective trade measures, ranging from export subsidies and the

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Buy American Act, to a broad definition of national security which seals off the US defence market and supports related sectors like civil aviation.

He contrasted European car makers' efforts to attack the Japanese market, and the EC's

phased liberalisation of Japanese car imports, to the US's "reaction ... to demand a cer-tain share of the Japanese mar-

the same of the saganese market on political rather than commercial grounds."

Efforts to conclude the Uruguay Round, he said, would be sened by the evidence of a US drift towards managed trade". Sir Leon warned, moreover, that the European Commission would insist that any openings made in Japan to US business would have to be extended to the EC.

He acknowledged that Japanese business culture all but excluded imports, but insisted that the US counter-strategy would fail to narrow the productivity and compactitions. ductivity and competitiveness gap with Japan. He called for a "positive strategy", to uphold and develop Gatt; move closer politically to Japan; demand evidence of change from Japan; combine EC-US forces to achieve this; and to "be present in Japan. It is pointless to open up the Japanese market

Robert Graham on the search for business opportunities in the former Soviet Union HEN Russian President Boris Yeltsin visited Rome just before Christmas, the Italian regarded the Soviet Union as government and the country's

almost unseemly haste to sumer items.

By the time of the Soviet obtain his ear. Recognising that Mr Yeltsin had finally emerged as the strong man of the former Soviet Union, they were anxious to lay claims to play a leading part in the new com-monwealth dominated by Russia. The Italian treasury obligingly waived earlier objections over credit guarantees and unblocked credits worth \$1.2bn cent of total Italian trade, Italy, anxious to narrow the deficit. (2670m) to purchase essential clothing, footwear and food-stuffs. Formal approval from

yesterday to cover 90 per cent of the credits. For his part, Mr Yeltsin made grandiose promises of collaboration, including an early agreement with Fiat on an automotive joint-venture. advantage of new opportuni-ties backed by the government He also assumed the all-important responsibility for the

unblocked Italian credits. Such Italian self-interest is not surprising. Both the Italian public and private sectors spent much time and money cultivating links with the for mar Soviet Union. Only Germany among European Community countries devoted as much attention as Italy to building commercial ties with

the Italian export credit guar-antee institute Sace was given

energy, but the Italians also regarded the Soviet Union as particularly apt for a whole range of intermediate technolcaptains of industry rushed in ogy goods as well as cheap con-

break-up, Italy accounted for a quarter of all EC trade. Between 1989-90 Italian imports rose from L2,471bn to L4,938bn (£2.3bn), almost half of which consisted of oil and gas; exports grew more slowly, from L2,403bn to L3,104bn, leaving a substantial deficit. Although this is only 2 per

went to great lengths to provide credit guarantees to stimulate business. The government agreed to guarantee credit lines worth L5,000bn between 1990 and 1995. Italian business therefore now wants to ensure existing contracts are not overtaken by events and to take quick

commitment to provide export credit guarantees. Government officials and public- and private-sector busi-nessmen all say the main problems are:
confusion over the juridical nature of the ties within the new commonwealth.

doubts over the extent to

which Russia can act as leader, both in assuming responsibil-

ity for old and new debts, and in catalysing contracts which span more than one republic. This is highlighted by the refusal of the treasury to unblock a LI,200bn credit line agreed in September 1990 with the former Soviet foreign trade bank, VEB, of which less than 10 per cent has been disbursed. Officials at Mediocredito, the medium-term credit institute responsible for disbursing the funds, say no organisation has been satisfactorily identified as

capable of assuming the responsibilities which the VEB

Franco Nobili: stress on energy-based deals

Italians rush to build ties with Moscow

Despite these difficulties, contacts are going ahead on a number of deals. Fiat is keen to negotiate a joint venture with Vaz, the former Soviet state automotive producer, and believes a letter of intent could be initialled shortly. The terms of the proposal involve Fiat in

taking a 30 per cent stake in a privatised Vaz, modernising and retooling the plant to produce a new car model. No price tag has yet been placed on the proposed investment. Fiat had for some time sought to strengthen its ties with the Soviet Union, where the potential demand for cars is seen as quadruple the pres-ent level, but the Vaz deal was

put on hold in early 1990 put on hold in early 1990 because of political uncertainties. The Turin-based group now clearly hopes it can reap advantage from obtaining a privileged position in an undemanding, expanding market.

Meanwhile, the need to balance trade and secure energy supplies is a key strategic consupplies is a key strategic con-

sideration in a number of Italian state companies active in the former Soviet Union. Mr Franco Nobili, head of pany IRI, laid special emphasis in his December talks with Mr Yeltsin on going ahead with energy-based deals. Principal among these is a joint venture

the \$1.2bn unblocked during Russia, Belarus (formerly Belorus) Russia, Belarus (formerly Belorus) and Ukraine, to convert exist power stations against the supply of electricity.

Before the Soviet Union broke up, Ansaldo formed the joint venture Energo-Engineering, envisaging the reconver-sion to gas of some 16 power stations in these republics. Payment was to be in the form of electricity supplies carried by a new power line through Hungary, Austria and Yugoslavia. Ansaldo would build new sub-stations in an overall arrangement worth L5,000bn, Ansaldo says Russia is anx

ious for the deal, but there is considerable confusion over how the Ukraine part of the proposal can be incorporated.

Also with an eye on payment through energy supplies, the Italian state oil concern ENI has agreed to set up a co-ordin ating committee with the Rus-sian authorities.

ENI is expected to go ahead with negotiations to modernise the Russian gas pipeline network, help upgrade seven Rus-sian refineries and assist in the

development of Siberian oil. While big projects are likely from counter-trade payments. many small business deals (other than the purely speculative) are expected to be delayed until the situation is clarified As it is, the Soviet political turmoil saw Italian exports fall in responsibilities which the VEB between Ansaldo, its power the first nine months of las would have discharged, unlike engineering subsidiary, and year by 22 per cent to L1,853bn the first nine months of last

Semiconductor | Nissan freezes move by Miti

JAPAN'S Ministry of International Trade and Industry (Mit) is asking more companies to increase their purchases of foreign semiconduc-tors, Reuter reports from Tokyo.

ors, Reuter reports from Tokyo. Miti said it would now ask 226 companies, up from 63, to buy at least 20 per cent of their semiconductors from foreign suppliers. The new group accounts for nearly 90 per cent of the Japanese semiconductor market, compared with 80 per cent previously.

Last July's semiconductor agreement between Japan and the US set a target figure of 20 per cent for foreign makers' share of the Japanese market. The actual share in the fourth quarter

of 1981 was only 14-16 per cent.

The largest Japanese buyers of somiconductors already buy over 20 per cent from foreign companies, but smaller companies remain more dependent on domestic suppliers.

Japan reaffirmed its efforts to increase its

purchases of foreign semiconductors in an action plan announced during US President George Bash's visit-last week.

Lima output

NISSAN has suspended work at its car assembly plant in Feru, it said yesterday.

AP-DJ reports from Tokyo.

Japan's second-largest vehicle maker had produced finished cars in Lima, when Peru's 50 per cent tariff on finished cars made marketing of imported cars there prohibitively expensive. But since Peru cut that tariff to 15 per cent last years to be become the peru traces. year, it has become cheaper to import finished cars than to assemble them locally from

cars than to assemble them locally from imported parts, the company noted.

Nissan said suspension of work at the plant, in effect since last October, did not necessarily mean the permanent shut-down of production in Peru, But a start-up of production at the plant was unlikely in the near future.

In 1982, at the peak of production, the company said its plant in Peru assembled roughly 8,506 vehicles, largely small passenger cars and trucks.

trucks. In May last year, Toyota Japan's largest car maker, also suspended its vehicle-assembling operation in Lima.

Lilley visit to boost **UK-Mexico trade**

By Anthony McDermott

MR Peter Lilley, the UK trade and industry secretary, starts a visit to Mexico on Monday, at the head of a business delegation to take advantage of what he calls the "remarkable developments... over the last few years with the freeing of mar-kets through trade and investment liberalisation, deregula-

tion and privatisation" One aim will be to increase UK trade with Mexico, which with exports in 1990 of £262m and imports of £172m lags considerably behind the US, other EC countries and Japan. In addition, Mr Lilley intends to discuss the implications of the

North American Free Trade Agreement, linking the US, Canada and Mexico, which subject to approval by the US Senate should come into force this year.

Also on the agenda will be the Uruguay Round of trade liberalisation talks under the General Agreement on Tariffs

and Trade. On this subject, Mr Lilley said that Mexico and the UK "tended to see eye-to-eye" with a view to completing the round whose negotiators are study-ing Gatt's final and comprehensive proposals - as soon as

Polish shipyard deal threat

By Christopher Bobinski, recently in Gdynia

HIGH insurance costs are threatening a big contract worth \$90m (£50m) won by Poland's Gdynia shipyard to build two tankers for Burmeister and Wain from Den-

The contract for the two 90,000-tonne Aframax vessels, which marks a key step towards recovery for the debt-burdened yard, was signed in mid-November by the Danish shipping and ship-building

company.

The Danes, however, are finding that the high costs of insuring the 75 per cent down payment on the vessels, which are due for delivery at the end

take the order elsewhere. Ironically, Mr Henryk Ogry-czak, the Gdynia yard's managing director, notes that the problem comes as the yard is emerging from a time of con-

The new Polish government has adopted a more interventionist approach to industry than its predecessors. Indeed, Mr Andrzej Ole-chowski, the deputy trade min-

ister, has said, referring to the Burmeister contract: "Our shipyards are an important part of Poland's export capacity and they must not be permitted to disappear."
The Gdynia yard continued

to be modernised until the end

elsewhere were being closed. Mr Ogryczak, who left the yard in 1985 to start up his own business and returned last year as managing director, is negotiating a restructuring of Gdyn-ia's Zi 2,000bn (198m) debt with its creditors, who include the government, suppliers and banks. He has also set in train plans to rent out the yard's spare storage at maintenance capacity. The yard at the moment is, among others, bulk carriers for Dreyfuss from France and two 90,000 tonne tankers for Zenith of the UK. The value of Gdynia's present

of the 1970s, when shipyards

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Disappointment at partners' resignation may belie Likud gains, writes Hugh Carnegy

of almost 20 months, the coali-tion government habitually

labelled the most extreme in Israel's history looks to be on its last legs.

As is often the case with Mr Yitzhak Shamir, the wily prime minister, it was hard to tell yesterday whether he was harmy or sad

happy or sad. Officially, he was said to be disappointed that Tehiya and Moledet, two extreme right-wing partners in the coalition led by his Likud party, had ecided to quit. Their action was in protest

against offering a limited form of self-government to the Palestinians of the occupied territo-ries in the current Middle East

The coalition, of right-wing and religious parties, weathered the Gulf crisis and presided over a huge influx of Jewish immigrants from the former Soviet Union.

Above all, from the point of view of Likud ideology, it pro-duced an unprecedented expansion of Jewish settlement in the occupied territories while simultaneously achieving Mid-dle East peace talks largely on

It might seem that Mr Shamir would want to continue such an arrangement until the due date for a general election

However, there are clear rea-sons why he may be quite happy if it indeed collapses

early next week.

Mr Shamir has the option of running a minority govern-ment that might survive until November. But his aides say he would prefer an early election, given that Likud is well ahead of the opposition Labour party

in the polls.
The faltering economy could well be in worse shape in November and an early poll would pre-empt attempts by rivals within Likud to chal-

MR MOHAMED BOUDLAF.

Algeria's new head of state, returned to Algiers yesterday,

from 28 years' exile in Morocco, to a hero's welcome.

The 72-year-old veteran of

Algeria's independence war, sentenced to death in 1964 by his own country for political activity, will head the five-man High Council of State, set up

President Chadli Bendjedid on Saturday and the cancellation

of a second round of elections.

The poll was widely expected to have catapulted the funda-

mentalist Islamic Salvation

The first man to welcome

By Francis Ghilès in Algiers and Agencies



gration-burdened economy. Meanwhile, by continuing the peace talks, he could pres-ent himself to the electorate as

him was Gen Khaled Nezzar, the defence minister and a key

mber of ruling council.

"As in the past, I promise the Algerian people that I will give all my efforts to guarantee their prosperity and to serve them," Mr Boudiar said on

seats in the first round of the

FIS, the National Liberation

Front and the Front des Forces

Socialistes - continue to

describe the events of the past

few days as unconstitution-

al. However, none of them appears, to be prepared to risk challenging those now ruling

arrival yesterday.

Boudiaf gets hero's welcome after 28 years abroad

opposition claims that the Likud is not serious about the

without winning a majority to do so in the Knesset. For this

he is seeking Labour party co-operation to engineer a date in the late spring or summer but Labour will want to exact a price for its help.

dilemma over the loan guaran-tees. The Likud cannot lightly give in to the main US condi-tion that Israel curb settlements in the West Bank and

Mr Shamir has resolutely refused, to date. But with an election pend-ing, the leverage President

ing, the leverage President George Bush can exert on Mr Shamir through the loan guarantee issue is undoubtedly enhanced. A serious clash with the US, with which relations have already deteriorated during the life of the present government, would not go down well with most Israelis who feet both the political and see fear both the political and eco-

nomic consequences.

A significant shortfall in the amount requested would seri-ously jeopardise Israel's ability to borrow large amounts else-where and would almost cartainly trigger unpopular com-pensatory measures at home, such as tax rises and expenditure cuts, at a time of fast-rising unemployment and eco-nomic hardship.

The precerious state of the

economy is Labour's most promising election weapon against Likud. But Labour has failed to mount an effective opposition to Mr Shamir since its own grand coalition with Likud broke up two years ago. Before a general election takes place it is due to mount its own leadership battle, pitting current leader Mr Shimon Peres against Mr Yitzhak Rabin, a former prime minis-ter, and at least two other caudidates. The contest will sharply expose to voters the deep internal splits within the party - hardly an election

winning formula Mr Shamir's less than anguished reaction to the crumbling of his government stems from his confidence that he holds most of the cards in the domestic political poker game that will ensue in the

coming weeks. However, the joker in the pack for him may prove to be the issue of the loan guarantees held firmly in the grasp of President Bush.

Israel's chances slim on full loan guarantees

ISRAEL'S prospects are receding of obtaining the full \$10bn (25.5bn) of loan guarantees it has sought from the US to help finance the cost of absorbing Jewish immigrants from the former Soviet Union.

Although President George Bush is not expected to seek any further postponement on

any further postponement on the loan guarantees, the administration is unlikely to back the full Israeli request for guarantees on \$20n of borrow-ing a year for five years unless level except to pay conditions Israel agrees to new conditions on its settlements in the occupied territories of the West Bank and Gaza.

President George Bush won a battle of wills with Israel last September when he asked Congress to delay considering the loan guarantees for 120 days. He said the issue would jeopardise the Middle East peace conference which was then due

to open in Madrid.
The administration is now expected to come up with a proposal by early February. Mr Bush is extremely sensi-tive about the Israeli settle-

has reneged on promises not to use earlier US-guaranteed loans for construction in the

Arab delegations to the US-sponsored Middle East peace talks, meanwhile, insist that the settlements are obstructing

the peace process.

"There can be no progress in any area, in any sphere, unless all settlement activity ceases," said Mrs Hanan Ashrawi, the Mr Bush is expected to insist

either on more explicit pledges

from Prime Minister Yitzhak Shamir, or on a formula such as that suggested by Senatur Patrick Leahy, who chairs the Senate foreign aid appropria-tions sub-committee, which would deduct any money spent on settlements construction

from the guarantees. Few analysis in Washington however, believe Mr Shamir can concede enough on settle-ments to satisfy Mr Bush. But without the White House's explicit backing.

congressmen who favour the loan guarantees believe it will be politically difficult to win enough support.
Politicians are finding foreign aid, of which Israel is the
principal recipient, with \$1.5bn

of military assistance and \$1.2hn of economic support this year, increasingly unpalatable when their constituents are suffering from recession and the federal government is strapped for cash.

And although Israel is only asking the US to guarantee its

borrowings, not provide fresh grants, the request is not cost-free: new budget rules require the US to set aside a propor-tion of the guarantee to cover the estimated subsidy element behind the loans.

Credit analysts suggest Israel would probably not be able to find such large sums at all without the guarantees, except through very short-term borrowings - rather than 30-

But if larael cannot give way on its right to continue build-ing new settlements in the occupied territories, it may have to give up at least part of the \$10bn guarantees it has

Australian jobless at post-war high

By Kevin Brown in Sydney

AUSTRALIA'S unemployment rate rose to a post-war record of 10.6 per cent in December, increasing pressure on the troubled Labor government to take urgent action to stimulate the economy.

The government statistical service said the number of unemployed increased to 910,300 from 900,700 in November, when 10.5 per cent of the workforce was unemployed,

also a post-war record.

However, the gloomy message about the continued fragility of the economy was tempered by a rise of 39,200 in employment which provided some hope that the jobless total may be close to peaking. The unusual increase in both the employment and unem ployment totals was caused by an increase from 63 per cent to 63.3 per cent in the participa-tion rate, which measures the proportion of the workforce which is working or actively

seeking work.

Mr Kim Beszley, the employment minister, said the figures indicated that the employment level had stopped falling. Lead-ing indicators released by the employment department also suggested that further large declines in employment were

4 -

unlikely. However, the government is still expecting unemployment to reach 10.75 per cent later this year. Some independent economists believe unemployment will peak at 11 per cent and remain above 10 per cent

until next year.

Mr Paul Kearing, the prime minister, said the unemployment rate was "far too high," statement planned for late February or early March would "turn it around".

"furn it around".

Mr Keating replaced Mr Bob
Hawke as prime minister last
month after pladging to "get
the economy moving again"
following flat or negative
growth in seven of the last
eight quarters.
Business leaders have told

Business leaders have told Mr Keating the economy is in even worse shape than the official figures suggest, and are pressing him to deliver a sig-nificant fiscal stimulus. Trade relaxation of fiscal policy.

Economists expect a package late private sector investment and finance government infraworth between A\$1.5bn (£510m) and A\$2bu.

• Mr Ari Ben-Menashe, an Israeli who claims to have been a middle-man in secret negotiations between the US and Iran. has been ordered to leave Australia by the end of the month.

Political poker game: Shamir, in Jerusalem yesterday, could face early elections

lenge Mr Shamir's supremacy. Freed of the far right, Mr Shamir may find it easier to reach agreement with the US on \$10hm in loan guarantees — due to be settled over the next few weeks - which are of great importance to the immi-

a leader who sacrificed his gov-ernment for the sake of the peace process, undermining

There are, however, flaws in this scheme of things. Under Israeli parliamentary law, Mr Shamir cannot call an election

the country with more than

elections of any kind.

no official confirmation of this.

The parties have held meet-

Mr Shamir also faces a

Korean police surround Algerian leader returns from exile Hyundai car plants

yesterday surrounded the trou-bled Hyundai car plants where defiant union workers, armed with steel pipes, settled down for a drawn-out occupation, Reuter reports from Seoul. "We have hundreds of police

ITH speculation con-tinuing about China's future leadership

after elder-statesman Deng

Xiaoping and other ageing offi

cials pass from the political

scene, more and more atten-tion is being focused on two

men who have emerged as the

country's "economic czars". Vice-Premiers Zhu Rongii,

widely viewed as a reformer, and Zou Jiahua, seen as a more cautious state planner, have

played an increasingly important role during the past six

months as Beijing wrestles with one of the most serious

the ruling Communist party: how to deal with China's

bloated, state-run enterprises. These two men are the

country's real economic brain trust," says one western diplo-mat. They are the heads of

the most powerful pieces of the Chinese government

ings over the past two days, apparently aimed at co-ordinat-ing their response towards the new council — which has made outside the plants keeping watch. And over 1,000 more are no promise as yet so far to hold coming from Pusan," said the police in the nearby south-east-The FIS has pledged to oppose the new leadership ern city of Ulsan. legally. In a communiqué bands built elaborate barricades at the 13 main gates.

issued after Mr Boudiaf's arrival, it called for calm and using two fire engines, cars. patience, telling its militants to tyres and doors, and ordered company officials and nonavoid provocation. The FIS has accused the authorities of starting to arrest its members. There has been union workers out of the main buildings. Hyundai ordered the plants

SOUTH KOREAN riot police to close temporarily from yesterday surrounded the troutoday after unionists voted on Tuesday to upgrade a fivemonth dispute into full-time industrial action.

The company said Hyundai would withhold 70 per cent of workers' salaries during the The union said workers were

demanding the release of sev-eral employees arrested in spo-radic labour disputes five unionists sacked this year -for what the company said was illegal labour activity - to be

The union had threatened to begin a full-scale strike from next Monday if the manage-ment rejected its demands.

Tokyo store sales in largest fall since 1965

By Robert Thomson in Tokyo

TOKYO department store sales fell 24 per cent in December from a year earlier, the largest fall since 1965, and a sign of of a more general slowing of Japanese economic growth. Japanese retailers, who

regard the Tokyo figures as an important indicator, said unusually warm weather had clothing sales, but that sharp falls in sales of art works and other luxury items were clearly linked to the collapse of

the financial "bubble". The fall was the steepest recorded by the Japan Depart-ment Stores' Association since

it began releasing sales figures in 1965, apart from the distortions caused by the introduc-tion of a value-added tax in

Sales of art works and crafts were down 15 per cent on a year earlier, sales of household items fell 3.5 per cent and clothing sales fall 1.8 per cent. For the full year, sales rose third lowest increase since

Meanwhile, the Japan Iron and Steel Federation yesterday reported that the country's crude steel production last year totalled 109,6m tons, down 0.6 per cent from 1990.

IMPORTANT NOTICE

BANK OF CREDIT AND COMMERCE INTERNATIONAL S.A.

ISLE OF MAN DEPOSITORS COMPENSATION SCHEME

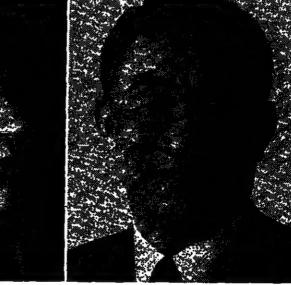
A winding up order having been made against Bank of Credit and Commerce International S.A. ("BCCI"), the Isle of Man Financial Supervision Commission determined that BCCI was in default for the purposes of the Isle of Man Depositors Compensation Scheme with effect from 16th January 1992 and the Scheme is therefore now in operation in relation to BCCI. The Commission will be contacting all known depositors with the Isle of Man branch of BCCI inviting them to apply for a claim form for compensation under the Scheme. Further information regarding the Scheme can be obtained by telephone 0624-621000.

> The Scheme Manager **Depositors Compensation Scheme** PO Box 36 **DOUGLAS** Isle of Man

China's 'economic czars' rise to fame

A Beijing Correspondent describes two leading candidates for the top leadership





Zhu Rongji (left) is the spark plug, while Zou Jiahua is a cautious state planner

Vice-Premier Zhu is director of the State Production Office, whose task is the day-to-day management of the debt-ridden state sector, Zou runs the State Planning Commission, which determines long-term strategies for medium and large state-run enterprises. Both are seen as possible contenders to become prime minister if the man now holding that office, Li Peng, is pushed or steps aside. The differences between Zhu and Zou are significant. "Zhu is the action man the

"Zhu is the action man, the spark plug," the diplomat says.
"He's the man who brings energy. He wants to get things done." Zhu has charisma. A western hanker who has dealt western banker who has dealt with him says that he "exudes a sense of confidence and lead-ership. He is direct and empharising. He is direct and emphasises practical issues."

Zou, however, "doesn't have the moral authority Zhu has," the diplomat says. "But he is an effective spokesperson for his brand of reform, which is

mainstream."
Their handling of the troubled state sector illustrates both the contrasting styles of the two men and the contradictions the party they serve faces

ented reform, private and colectively-owned enterprises have sharply outperformed the state sector, which now accounts for about 55 per cent of the country's industrial output, compared with about 80 per cent in the early 1980s. Even according to the Chinese, nearly a third of the country's thousands of state-owned enterprises are in the red. Western estimates place the

figure closer to 70 per cent.

There is no doubt Beijing recognises that there is a serious crisis, it has chosen Zhu as the most likely candidate to salvage the situation. He was given the extremely difficult task of raising the efficiency of the state enterprises and reducing both the country's huge 300bn yuan domestic intercompany debt and the

inter-company debt and its enormous stockpiles of unwanted, shoddy goods.

Zhu's selection was believed to be an opportunity for him to demonstrate whether he has the nuralities to become the the qualities to become the country's next leader. Observers said his task was not only one of the most important but

After a decade of market-ori- at the same time one of the ented reform, private and col- most difficult. in fact, Zhu appears to have

had some modest success in reducing China's stockpile of cigarettes and textiles. There is also speculation that he is responsible, at least in part, for recent moves calling for ater autonomy of state-run

enterprises.

Nonetheless, the problems are deep seated and cannot easily be resolved without raising the even more profound issue of the eventual elimination of the state sector, a prospect which would thresten the very identity of the Communist party and the core of the socialist seconomy. Zhu faces some hostility from conserva-tives and hardliners who see his appointment as such a threat to their interests that they hope he will fail, say west-ern analysts.

On the other hand, while Zou is not as vigorously involved in the daily manage-ment of the state sector's many difficulties, he must provide algorificant input for the country's Five Year Plan and take a longer-term view of the econ-

Zhu is a trouble shooter who breaks up bottlenecks, whereas Zou is a more conservative gradualist," western diplomats say, adding that both believe economic reform is the only way the Chinese system can improve

can improve.

Zhu supports the revitalisation of medium and large state enterprises, but without relinemergrises, but windou rem-quishing party control. He firmly believes that the radical measures such as privatisation that were adopted in eastern Europe are not a viable option for China. "He has consistently argued for central, top-down planning."

Each man has powerful connections with China's party elders. Zhu's patron is Deng Xiaoping himself. Zou is linked to the older generation of China's revolutionary idols. His immediate henefactor is the economic planner Chen Jym. economic planter Chen Yun. Although both are from Shanghai, their backgrounds are as different as are their

Like Premier Li, Zou studied in the Soviet Union and has extensive thes to the country's

including reportedly having worked for Norinco, one of the country's largest arms export-Zhu began to acquire more prominent recognition when

he became mayor of Shanghai in 1988 and is remembered for his cool-headed approach in Shanghai to the 1989 Tiananmen Square crackdown.

Chinese respect Zhu as a very efficient, tough-minded decision-maker who is unafraid

to sternly criticise bureaucrats, even publicly. But this last attribute has earned him enemies and he seems recently to have adopted a lower public profile. And while he plays down ideological concerns, he has carefully avoided disputing openly the party line that state enterprises must remain in public hands.

He apparently enjoys bold, dramatic moves and is responsible for the construction of two Shanghai bridges. They are spectacular engineering feats that cross the Huangpu, linking the city-centre with the Pudong investment zone in the very expensive solutions to crossing a river," a western banker said. "A tunnel would have been much cheaper, but nobody would see it. These bridges are morninger to him.

. . .

人的哲學的發

bridges are monuments to him and Shanghei." Unlike Zha, Zou lacks charisma, but has a reputation as an effective technocrat who an elective technocrat who understands complex economic issues. Despite his trip to Europe this autumn, he has less of a public persona than Zhu and fewer details are available about his life. "Like Li Peng, he doesn't look good in public, but he is a power broker," one western observer said.

said.
If both were given the chance to become premier, analysts believe Zhu would analysis behave and would bring change, while Zon would continue current policies. But their true colours may not sur-face until one of the elderly leaders dies or leaves the political scene

AMERICAN NEWS

Health care st. gaffe shows up Buchanan

By Lionel Barber in Concord, New Hampshire

MR PATRICK Buchanan, the rather Dutanger to President George Bush for the Republican presidential nomination this year, made a big gaffe on health care policy yesterday, telling a group of pendicular than the president of the pendicular telling a group of pendicular tell signers he was so wealthy he did not have to bother about health insurance

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The second secon

and former speechwriter to presidents Nixon and Reagan complained that the present US health care system was suf-fering from excessive bureaucracy, waste and form-filling.
When I go to the doctor and I am a wealthy man these [insurance] forms are so complex I can't fill them out. I just tell my wife: 'Send them a

Mr Buchanan was address ing more than 150 members of the American Association of Retired Persons in an event outline his policy for health care reform.

The response in the audience

was hostile. Several pensioners said Mr Buchanan had confosed private insurance comernment programmes such as

Earlier he had delivered a blistering attack on Mr Bush

for having broken his pledge to impose no new taxes, which rescued the president's faltering for election campaign in 1988. Mr Bush faces his first campaign test in the New Hampshire primary contest against Mr Buchanan next

The president, who had visited New Hampshire on Wednesday, said he would unveil a wide-ranging health care plan in his State of the Union address this month. One proposal under review is to offer health care tax credits to low-income groups and the

Mr Buchanan said he favoured tax credits and opposed a nationalised health system, such as that in Britain. The doctor-patient relationship disappears," he said, referring to the UK. "You have bureaucrats dealing with bureaucrats." He also said US

medical technology was far superior to Britain's. His main theme is "America first". He repeated his attacks on foreign aid and on defence spending abroad, saying coun-tries such as Germany should defend themselves. "Can't the Germans defend Munich? I mean, their tradition is not



Pat Buchanan (left), a self-confessed wealthy man on the stump, meets one of the older New Hampshire voters

Bush finalises plans for cutting taxes

PRESIDENT George Bush is completing a package of tax cuts and economic growth pro-posals to prod the US economy

The White House is with-holding details of the proposals until he unveils them in his State of the Union speech on January 28 and in formal bud-January 28 and in formal budget presentations the next day. However, several proposals likely to be included have smerged — many of them measures that Mr Bush has already tried for in the past, such as a cut in the capital gains tax.

Mr Bush said this week he wants to avoid "quick fixes" and focus his proposals on measures to stimulate investment and savings, not the across-the-board income tax cuts-Democratic congressional

cuts Democratic congressional

leaders have put forward. However, the administration is reported by the Washington

Post to be considering raising Post to be considering raising personal income tax allowances by as much as \$1,000 (£560) per child — although other sources indicate a much smaller rise — to give a \$15bn-\$17bn tax cut for families. The advantage of this measure is that it would start trickling through immediately as companies withheld less tax from employees' salaries.

employees' salaries.

The administration is also reported to have decided on a tax credit for first-time hometex credit for first-time home-buyers, expected to total \$2,000-\$5,000, changes in depreciation rules to encourage companies to invest more, and tax credits to help lower-income families pay for health insurance. Other health measures are expected to include a limit on how much companies can

how much companies can deduct for health insurance plans provided to higher-in-

medical care, where prices rose by 7.9 per cent in 1991. There is a long-established pattern of

this outstripping general con-sumer price inflation.

Other components of the index to rise sharply included alcoholic drinks, which

alcoholic trinks, which climbed 9.9 per cent largely as a result of higher federal excise taxes; tobacco products, up 11.1 per cent; and school tuition and fees, up 9.8 per cent.

The seasonally adjusted 0.3

per cent December price increase was slightly higher

Inflation at five-year low

By George Graham in Washington

MODERATE price increases in December left US inflation at

December last US inflation at 3.1 per cent in 1991, its lowest rate for five years.

The Leaburr Department said yesterday its index of consumer prices rose by 0.1 per cent in December, or 0.3 per cent after seasonal adjustment.

The low inflation rate in 1991 was much helped by a 7.4 per cent drop in energy prices (compared with an 18.1 per cent rise in 1990), but inflation in almost all sectors stayed moderate. Food prices rose only 2.5 per cent, their slowest advance since 1976.

The main exception was

than private sector economists had been forecasting, but it remained relatively modest. The main exception was

Death sentences | Lima 'targeted stand in Cuba

CUBA'S Supreme Court upheld late on Wednesday the death sentences on two Mismi real-dents who tried to infiltrate the island, but commuted the death sentence on their associ-

ate to 30 years in fail. AP writes from Mexico City. The decision came after a five-hour hearing in which the men expressed remorse and men expressed remorse and pleaded for their lives. They confirmed Cuhan claims that they had been trained and armed in the US for sabotage in Cuba, with the knewledge of the Washington government.

The Council of State is to hear a further appeal.

by terrorists'

PERU'S capital is now the prime target for terrorist attacks, according to a Senate Commission, Sally Bowen reports from Lima.

Last year, Lima was the object of 672 separate terrorist actions, most by the Maoist guarfilla group Shining Path. Actions in the high Andes, meanwhile, the area that used to be that most affected by terrorism, totalled 640.

rorism, totalled 640. Terrorist attacks nationwide (1.656 last year) fell almost 30 per-cent from the 1989 high, but deaths by political vio-

Baker faces a fear of failure far from home

Lionel Barber assesses the Washington conference next week on aid to the former Soviet republics

HEN Mr James
Baker, US secretary
of state, called last
month for an international

well-meaning visitors to
Moscow, Klev, Minsk and other
reformist centres has reached a conference on aid to what used to be the Soviet Union, some of his closest colleagues felt they had been ambushed.

He offered no date, no firm list of invitations, and only a sketchy preview of the conference's objectives. Mr Nicholas Brady, US Treasury secretary, was reported as livid at the failure to consult

Suropean allies scrambled to Now, with less than a week until the conference in Washington on January 22-23, the mood is more favourable.

Some 50-60 governments are expected to send delegations, supported by the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development (ERRI) opment (EBRD).
Mr Baker can claim to have rounded up an impressive

US officials say the immediate purpose of the conference is practical: how best to ensure efficient distribution of food, medicine and other humanitar ian supplies this winter and next, amid widespread reports of official corruption, waste and incompetence in the for-

Western donors have their

reformist centres has reached a point where Soviet reformers risk being smothered with

kindness. "We need an orderly division of labour," said one US official.
A second US goal is to avoid creating a new bureaucracy to co-ordinate aid. The Treasury and the State Department are wary of putative efforts by Europeans to create a new superstructure which could dilute US influence on the Continent, along the lines of the

The picture has shifted since 1989, when President George Bush awarded the European Commission the task of co-ordinating aid to Poland and Hungary. Then, Mr Bush wanted to show he was a good European, unafraid of sharing On Soviet aid, the balancing act is more difficult: the US remains loath to cede too much of the initiative to the Euro-

In his speech at Princeton University last month, Mr Baker staked out a bolder US policy toward the disintegra-ting Soviet Union. He may have been respond-ing to a general drift within

AID donors are being asked to channel some of their assistance to the former Soviet republics such as the Guif states and Japan. through the countries of eastern and central Europe, so helping them to maintain some of their lost Soviet export markets, George Graham reports from Washington.

Hungary, Poland and Czechoslovakia are hoping for a triangular trade in which donor nations would finance the purchase of food and pharmaceuticals from their countries, to be delivered as aid to the ex-Soviet lands.

Officials of the three countries met in Budapest this week to agree their approach, and are hoping to use the aid conference in Washington

ignation of Soviet President Mikhail Gorbachev, but other observers argue that he wanted to put the US in the driving seat before it was too

Yet Mr Baker's well-honed rhetoric, suggesting that the west had a duty to respond to the historic opportunities cre-ated by the new Russian revo-lution, stopped short of a commitment to direct US financial aid. Instead, the State Depart-ment prefers to talk about "collective engagement". Some senior US officials

compare this, in glowing terms, to the global coalition assembled by Mr Bush against lraq a year ago. Hence Mr Bak-er's call for a "coalition in support of freedom", in support of democracy and free markets in ment" as a fancy phrase to cover up the real goal of using

other people's money to serve US foreign policy goals. In 1991, the US persuaded allies such as Germany, Japan and Gulf Arab states to stump up more than \$50bn to pay for the war against Iraq, and to finance aid to "front-line" states such as Egypt, Jordan and Turkey. By some calcula-tions, the US even turned in a small profit

In 1992, there is a real difference. "At least the Americans provided half-a-million troops to fight the war," said one western diplomat. "What are they offering now?" The US response is that the

meeting is not a "pledging" conference (if countries wish to offer money, though, they will not be turned down). More

In an operation that could be a precedent, the European Community last year funded a shipment of 300,000 tonnes of wheat from Hungary to Albania. However, eastern European diplo-mats are concentrating their efforts on donors lacking large agricultural surpluses, which

they are keen to supply as aid.

Eastern European diplomats say they would like to divide these triangular deals roughly in line with the market shares they used to have for various types of product in the Soviet Union, but cannot be precise on aid sought.

> US bestowing that rare, elusive quality called political leader-

ship. As the self-styled power-broker extraordinaire, the US may well be best placed to per-suade other countries to agree to a division of labour. One obvious option is to play on fears about German domina-tion of Soviet aid policy, says

one US official.

Taking a less cynical view,
the US could offer, as Mr Baker suggested in his Princeton speech to launch the initiative. scientific expertise to help the ex-Soviets dismantle their nuclear weapons; the Nordic countries could focus on the Baltic states; western US states such as Oregon and Alaska, as well as Japan and South Korea, could develop the Soviet

is whether Mr Baker will put the conference agenda onto US lines or whether other countries - notably Germany will broaden the debate to include a discussion on how the West should support economic reform in the space vacated by the Soviet Union.

This might include, for instance, a proposal for a Russian Economic Development Bank pressing micro-economic reform in concert with the macro-economic efforts of the IMF and World Bank. These and other ideas about fostering "grass-roots capitalism" have been floated in recent weeks in Washington.

So far, the administration is treading cautiously, aware that the mood in the US has turned hostile to foreign aid of al shapes and sizes.

This is mainly due to the sluggishness of the US econ-omy, but it also reflects a fear gigantic task of overhauling the economy of its long-time

Reconciling this fear of fail-ure with the desire for leader-ship on Soviet aid will be Mr Baker's trickiest task next week - a task worthy of the master of political stage-

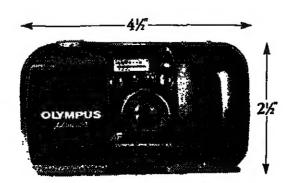


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Olympus Mju. The perfect camera to go around with. **OLYMPUS**

By Charles Leadbeater, Industrial Editor

BRITISH Airways should be protected from increasing com-petition in Europe from large US airlines until foreign carriers gain access to the domestic aviation market in North America, according to a parlia-mentary report published yes-

The report by a cross-party committee of MPs will be wel-comed by British Airways which has become increasingly critical of the government's policy of allowing US airlines greater access to British air-

The study by the House of Commons Transport Committee says further moves to open up the UK market should be postponed until British Air-ways' gets cahotage rights in the US. Cabotage allows an air-line based in one country to operate domestic services in

BA has also pressed the authorities in Washington to ease restrictions on foreign ownership of US carriers.
The committee of MPs wants

the government to maintain restrictions on landing rights at London airports as a bargaining counter in future talks with the US authorities.

The report says: "These are

early days in the new battle for transatlantic market share and we trust the government will see a role in developing oppor-tunities for British carriers as well as providing better ser-

An agreement last year allowed American Airlines and United to take over slots at Heathrow airport previously operated by Pan Am and TWA. Under the deal, the US carriers must keep their services to the level operated by UK airlines for three years.

The committee suggests that these restrictions should be lifted only if there is progress to create a "level playing field" with the opening up of the US

It says the Department of Transport significantly over-es-timated the benefits of the deal when it was negotiated last March. Mr Malcolm Rifkind, the transport secretary, said then that the deal would bring British airlines financial bene-fits of £200m a year. But the department has since recalculated the impact of the deal after British Airways com-plained it was worth only £130m a year to UK carriers.

The report says the Euro-pean Commission should introduce merger regulations to pre-vent its plans to liberalise the air transport market being undermined by growing industrial concentration.

It warns that the EC's liberalisation programme will face a fierce rearguard action from governments keen to protect their national airlines, which is likely to delay its implementa-tion well beyond the 1996 tar-

LLOYD'S REFORMS

REACTION amongst US-based

don reform package has been tentative, with many individu-

als having to base their limited comments on newspaper

reports. But if a prevailing

sentiment could be gleaned, it was that the proposed mea-sures had come at least a decade too late.

"They're trying to rectify the mistakes of the past," said Mr Dale Jenkins, one of the US Names involved in legal action against Lloyds. Even with the

proposed changes, he said, Lloyd's would have limitations as an investment vehicle:

"There needs to be a complete housekeeping of the manage-ment there."

Another New York-based

US Names react coolly

to proposed measures

Opinion polls leave election wide open

TWO new opinion polls last night left the outcome of the impending general election wide open as the opposition Labour party confirmed that it is ready to soften its planned increases in National Insurincreases in National Insur-ance Contributions (NICs). With one survey giving the government a 4.5 per cent lead

government a 45 per cent lead over Labour, some senior min-isters - buoyed further by yes-terday's round of mortgage rate cuts - were actively can-vassing April 9 as the most likely election date.

But with the other pointing to a 3 point Labour lead, others insisted that the prime minister was still keeping open the possibility of May 7. They acknowledged, however, that the prime minister may face a

growing bandwagon in favour of an election within weeks of a tax-cutting March budget.

The date of the budget is expected to be announced next week, with government officials insisting that March 3 cials insisting that March 3, March 10 and March 17 all

March 10 and March 17 all remain options. The latter, however, would effectively rule out an early April election. Facing a fresh Conservative onslaught on its tax and spending proposals, Mr John Smith, Labour's chief finance spokesman, said he would keep open the outlon of plasting in over a the option of phasing in over a number of years the proposed abolition of the £20,280 ceiling on NICs, the levy charged on salaries to pay for social security benefits.
As Labour officials admitted the party had underestimated the potential impact on voters in the south east of taking another 9 per cent earnings over that ceiling, there were signs that Mr Neil Kinnock, the party leader now reparts the party leader, now regards phasing as inevitable.

Mr Smith flercely denied the decision marked a retreat from the party's previous policy, cit-ing long-standing Labour com-mitments to avoid large disrup-

tion of family budgets.

But amid angry clashes with
Mr Kinnock in the House of
Commons Mr John Major said that Labour's tax and spending policies had been reduced to a "shambles". He added: "The only thing that is certain is that a party that promises to spend and spend is a party that

has to tax and tax," he said. That was followed by new Conservative figures showing that in London the proposed NiCs change would bring higher hills for those on just above average income.

Labour released no details of the way it could phase in the the way it could phase in the abolition of the NICs ceiling.

But officials pointed out that the planned rises in the top rate of income tax and limits on allowances meant that immediate abolition was not immediate abolition was not necessary in order to finance the party's pledges to raise pensions and child benefit.

As campaigning for the election reached a new pitch, both parties drew consolation from the two apparently conflicting opinion polls which suggest

neck-and-neck.

A Gallup survey for this morning's Daily Telegraph gave the Conservatives a 4.5 point lead with 42 per cent of the vote against Labour's 37.5 per cent and the Liberal Democrats 16 per cent. That compared with a 25 point Conservative lead lead lest month. The vative lead last month. The survey also appeared to con-firm recent private opinion polling showing that despite the recession, the voters are putting more confidence in the

tax policies.

An NOP survey for today's Independent, however, pro-vided conflicting evidence,

BRITAIN IN BRIEF



UK mortgage lenders reduce interest rates

The three largest UK mortgage lenders unexpectedly lowered their rates to borrowers from 11.55 per cent to 10.99 per cent in an effort to revive the housing market. Rates have now come down seven times in the past 16 months and are around their lowest for almost four years. This is the first time that lenders have moved their interest rates ahead of a cut in hase rates by the government. Lex, Page 14

Ulster talks remain stalled

The prospect of "round table" talks on Northern Ireland taking place before the general election fell dramatically last night as the Northern Ireland Office said that, despite discussions with local leaders, "we are not moving forward". Mr Peter Brooke, Northern Ireland secretary, met the nationalist Social Democratic and Labour party vesterday to discuss how party yesterday to discuss how to overcome the biggest obsta-cie remaining — whether talks could continue if interrupted by a general election. But no progress was made.

Fall in car production

UK car production fell by 4.5 per cent last year to 1,236,922 from 1,295,610 in 1990, the second successive annual decline. Car output in December alone fell heavily by 13.9 per cent, the fifth sharp monthly fall in succession. In spite of the deep recession in the domestic new car market WK car output was recession in the domestic new car market, UK car output was sustained earlier in the year by a big jump in production for export markets. Output has fallen heavily in the last five months, however, as weakening demand from export markets has begun to compound the still falling level of production for the domestic market. On a seasontion in the str months to the end of December was 13 per cent lower than in the previous 6 months and 16 per cent lower than in the same six months a year ago.

Ofgas cool on assurances

The Office of Gas Supply (Ofgas), the gas industry regu-lator, has reacted coolly to assurances that British Gas said it received from Mr John said it received from Mr John Wakeham, energy secretary, that could enable the company to raise domestic prices. Mr Wakeham's assurances had encouraged British Gas to agree on Wednesday to sweeping changes proposed by the Office of Fair Trading (OFT) in its industrial gas business. The OFT proposals include halving British Gas share of the industrial market to 40 per cent and separating its pipeline business into a different company. But Sir James McKinnon, director general of Ofgas, said that Mr Wakeham had no influence over customer prices. over customer prices.

Study into corporate tax

The UK has the tenth highest rate of average corporate taxes among all 24 OECD countries, according to a detailed analysis conducted by the Institute of Fiscal Studies. The study also shows that corporate transit the different countries. taxes in the different countries tend to discourage cross-bor-

debt finance over equity or retained earnings, which leaves companies vulnerable to the effects of inflation. Tur-key has the highest required rate of return at 7.2 per cent, while the lowest is in Greece and Sweden, at 5 per cent. The UK is at 5.9 per cent.

Challenge to legal fixed fees

The Law Society is to press the government to postpone plans to introduce fixed fees for criminal legal aid work in magistrates' courts until the matter has been examined by the Royal Commission on Criminal Justice. The Commission, set up last year after the release of the Birmingham Six, has written to the society inviting it to submit evidence on its concerns about criminal legal aid. The letter says: "It would be very concerned if the consequences of the proposed arrangements [for fixed fees] were to do damage to the criminal justice system." The Law Society is to press the

Pollution cases rise says FoE

Water pollution incidents in seven of the ten regions of England and Wales have increased according to a report from the National Rivers Authority, obtained by the environmental pressure group. Friends of the Earth. However, between 1988 to 1990 there had been a 3.5 per cent drop overall in polintion incidents from 26,926 to 25,983. The NRA said that For had obtained an early draft of the report and that the final ver-sion to be published later this month would show entirely

Progress on engineers' group

The creation of a single body to represent the UK's frag-mented engineering profession has come a step closer follow-ing the Engineering Council's decision to andorse a framework for a new group to set minimum standards for the industry. The council, the umbrella body for 46 profes-sional engineering institutions, has agreed to set up a steering has agreed to set up a steering group to look at the possible role and responsibilities of a new body. The move is the next stage in a personal initiative launched in November by Sir John Fairclough, chairman of the Engineering Council.

investors buy £1bn securities

British institutional investors became net buyers of UK gov-ernment securities in the third quarter of last year after several years as not sellers, according to official figures. The Bank of England reported that long term investors such as pension funds, insurance companies and investment, unit and property unit trusts, bought a net film of UK gov-ernment securities in the quarter after being net sellers of nearly £8bn of such securities in the first half of 1991. The institutions sold a net £2.96bn of UK government securities in 1990 and £6.49bn in 1989.

Funding for inner cities

Some of the country's most deprived inner city areas are to be helped by a £260m urban programme package unveiled by the government. Initial allo-cations for 1992-93 to 57 urban programme authorities amount to £248m, and an initiative announced last November made an additional film available to three police authorities for the urban crime fund.

Forged Dutch guilders seized Police seized forged Dutch guilders worth £20m in a raid on a house in north-west Lon-don, the biggest seizure of counterfeit currency ever recorded. Last night a man

Patten attacks Labour's 'outdated' defence plans

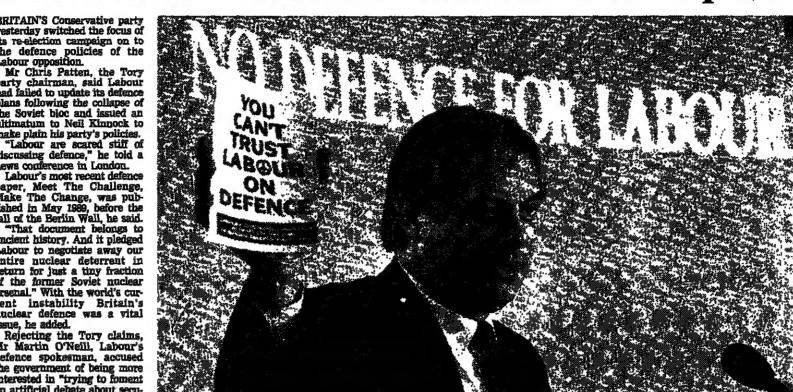
BRITAIN'S Conservative party yesterday switched the focus of its re-election campaign on to

Labour opposition.

Mr Chris Patten, the Tory party chairman, said Labour had failed to update its defence had laised to update its defence plans following the collapse of the Soviet bloc and issued an ultimatum to Neil Kinnock to make plain his party's policies. "Labour are scared stiff of discussing defence," he told a news conference in London.

paper, Meet The Challenge, Make The Change, was pub-lished in May 1989, before the fall of the Berlin Wall, he said. "That document belongs to ancient history. And it pledged Labour to negotiate away our entire nuclear deterrent in return for just a tiny fraction of the former Soviet nuclear arsenal." With the world's current instability Britain's nuclear defence was a vital Issue, he added.

Rejecting the Tory claims, Mr Martin O'Neill, Labour's defence spokesman, accused the government of being more interested in "trying to foment an artificial debate about secu-rity matters" than addressing current domestic economi problems.



On the offensive: Chris Patten claims Labour will jettison Britain's nuclear deterrent if it wins the election

UK jobless rate rises to 9%

rose to 9 per cent in December, the highest in four years. Last month's 31,100 increase in the seasonally adjusted job-less figure - the twenty-first took the total number of unem-

ployed to 2.55m, a peak last touched in December 1987. Overall unemployment rose by 704,000 last year. Among industrialised countries, Britain, second only to

Finland, experienced the high-est rate of increase in unem-ployment in December compared with a year ago. At the same time the rise in average earnings in the year to November stayed level at 7.5 per cent, unchanged from the October rate and disappointing

loss should have been taken care of earlier".

"They've got to do a lot more," claimed Mr Alvin Moss, another US Name who received a copy of the report yesterday. "They need to spend more time cleaning up their act as far as internal management is concerned."

anagement is concerned."
Not all US reaction was

entirely negative. Some Names

did welcome the suggestion that they should have access

to syndicate information, a say in major transactions and cer-

There are more than 2,000 Lloyd's Names in the US, a

fairly small proportion of the total 26,500. Historically, how-ever, they have committed rela-

tively large amounts of capital

tain other rights.

hopes for a drop below 7 per The rate of increase of aver-

age earnings has been falling since a peak of 10.25 per cent in July 1990 but has not yet the lowest annual rate recorded in the 1980s - despite the depth of the recession. December's increase followed a revised rise of 40,800 in November, and brought the average rise over the past six months to 41,000. In the six

months to June 1991, the average monthly rise was 76,300.

Labour seized upon the fig-ures as further evidence that the economy was showing no signs of recovery.
Mr Michael Howard, the employment secretary, greeted

OFFICIALS at the Corporation of Lloyd's admitted yesterday that far-reaching reforms planned for the London insur-

ance market could be delayed

by the need for detailed consul-tation over the changes. According to an insider at

the Corporation, which provides regulatory and market support services to the Lloyd's market, the time taken by con-

sultation between the Corpora-

tion's various committees and departments and market asso-

ciations will inevitably hold up

"This one will run and run. It's a market," he stressed, "we haven't got a chief executive

who can simply order five heads of department to get on

Recommendations for reform

were published this week fol-

lowing a 12 month investiga-

the pace of change.

the figures as evidence that the unemployment rate had eased over the year.

He also drew comfort from figures indicating a 14,000 rise in the number of unfilled gacancies in job centres in December compared with the previous month. Pigures for the third quarter

of 1991 showed that the number of people employed in man-ufacturing industry had fallen by 88,000 compared with the previous quarter and by 96,000 in service industries.

The areas worst hit by unemployment included the

south east and the south west. Regionally the highest rates of employment were in Northern Ireland, the north and the

tion by a special task force into business practices at Lloyd's. The task force recommended

an ambitious programme of both short term measures -

which can be introduced relatively easily - and long term changes which will require modifications of the Lloyd's Act, the legislation which out-

lines the way Lloyd's is regulated.

which will meet again in early February – identified six priority areas for action when

the implementation of a

high level compulsory stop-loss scheme to limit the losses of

Names, the individuals whose

assets support underwriting at

• the drafting of a charter

outlining the rights of Lloyd's Names, allowing these individ-

it met last weekend:

The 28-man Lloyd's Council

Government may cut youth training funds

THE UK Department of its guarantee of a training Employment is planning "a place to all young people who substantial reduction" in the want one. kly contributions it makes Last week, Fullemploy which trains ethnic minorities, for youth training, its main went into liquidation while Apex Trust, which trains ex-ofscheme for 16 to 18-year-olds. Scheme for is to 15-year-oins.

The move will be strongly resisted by training and enterprise councils (Tecs). These are about to commence detailed fenders, may go into liquida-tion this week.

The Department of Employ-ment, under pressure from the negotiations for operating con-Treasury, wants increased vol-umes of training in 1992-93 for roughly the same amount of tracts for the current year. money as in 1991-92.

A confidential memorandum circulating among Teca, which administer youth training, has warned that a reduction in funds would cause bankrupt-cies among training providers. It could also mean that the Tecs have over the past year been financially hard pressed to deliver the government's guarantee of a place for all young people who want one. government could fail to meet

uals who underwrite the mar-

ket to veto major transactions

the syndicates into which they

are grouped;

Consultation may slow pace of reform tainty over future claims;

introducing of limited liabil-

ity capital into Lloyd's, ini-tially via more flexible co-in-surance and reinsurance • the formation of MAPAS, the vehicle which will allow Lloyd's has made two reforms a priority: the intro-duction of the stop loss scheme and MAPAS, both of which it Lloyd's Names to spread their investments in syndicates more widely in order to reduce the risk of heavy losses;

the drafting of new guidelines outlining best practice for Lloyd's agents including provisions stipulating more disclosure of fees, expenses;

finding ways in which Centre Write, the reinsurance company owned by the Lloyd's and MAPAS, both of which it hopes to have in place by the beginning of next year.

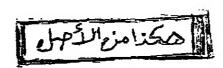
Mr Bob Hughes, head of regulatory services at the Corporation, and Mr John Geynor, the head of finance, are also examining the composition of the stop loss working party and hope to have this running within the next few weeks.

The aim is to have both

pany owned by the Lloyd's Corporation, could reinsure the "open years" of individual Lloyd's Names rather than The aim is to have both schemes in place by early April so that it can meet obligations to give existing Names at least eight months notice of syndicates as at present. Syndicates leave years open when they are unable to settle accounts because of uncer-

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in the subject of workplace smoking policies. First the Health and Safety Electrive published a consultation document on Tuesday making clear that employers making clear that employers will have to provide special rest rooms for non-smokers from the end of next year in order to comply with a European directive. The new rules could prompt many employers to ben smoking altogether.

Second, at an industrial tribunal in Glasgow, a nursing

bened in Glasgow, a nursing antiliary claimed constructive dismissal over her employer's smoking ben.
Mary Dryden told the tribu-nel that she could not endure eight hours at work without a cigarette and therefore had to

Ashes to ashes as smoking bites dust

Diane Summers investigates the trend among employers to free their premises of the dreaded weed

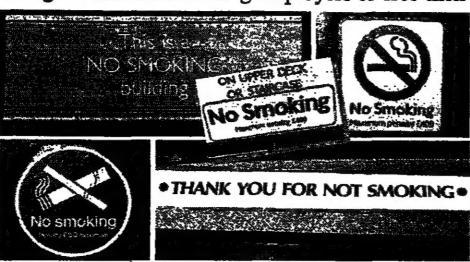
summer, it did not provide rooms for smokers, or leave enough time for Dryden to go out for a cigarette during her breaks, the tribunal heard. The move to no-smoking workplaces has been marked in

recent years, with up to one in-five companies now operating anti-smoking policies. Midlend Bank is the latest large employer to announce a ban for its 45,000 staff in nearly 2,000 branches from the spring. Other employers, either with total bans or severe smoking restrictions, include IBM, Marks and Spencer and the

Marks and Spencer and the Inland Revenue.

This trend is being driven by changes in attitudes to smoking in public places, but also by employers' fears of future liabilities for damage to workers' health through passive

There has yet to be a claim for damages in a British court arising out of passive smoking,



Put out that light: smoking bans, commonplace for years on trains and buses, are now moving into the workplace

under common law, or through the Health and Safety at Work cigarette and therefore had to leave her job. When Greater group, said yesterday that it lock, Ash director, passive smoking on its premises last opinion in the next few weeks his have led to widespread

Whatever motivates an employer to act - and the Incomes Data Services, the pressure is as likely to come from employees as from man-agement — there is a number of pitfalls on the way to imple-

menting a no-smoking policy. employment research group, most organizations go through the following stages on the way to banning or restricting

 Consultation with the workforce — an essential first step in preventing mutiny, or worse, by nicotine addicts. Sur-veys, ballots, questionnaires, meetings and negotiations with

tions are all methods of gauging opinion and are likely, says IDS, to show a surprisingly

high level of enthusissm, even from smokers themselves. British Gas in Wales pro-vides a typical example of what a company might expect from a poll of employees: 34 per cent thought smoking should be banned at work altogether, while 53 per cent were in favour of restrictions.

 Degrees of restriction need to be decided. A total ban on smoking throughout a building is unambiguous but is tough on smokers. Only an ex-addict can appreciate the resentment that a total ban is likely to ngender among amokers. Ash itself argues for the

tions, where smoking is allowed only in designated – ideally separately-ventilated – areas. The Financial Times is an example of an employer that has taken this route: its sin bins on each editorial floor are the setting for some unlikely alliances.

gradual introduction of smok-ing restrictions, or at least a period of warning (Ash recommends a 12-week implementa-tion period) will help to avoid resentment and legal problems.

At Cambridge University Press, for example, a smoking ban was brought in over four months, with smoking prohibited first before 10.30am, then before noon, 2pm, 4.30pm and, finally, throughout the day. Helping employees to give up the weed. There are considerable cost benefits to employers in having workforces that do not smoke - either at home

or at work. Most companies with no-smoking policies also offer employees help with giving up permanently. For example, the Automobile Association dis-Authority literature, and South Derbyshire Health Authority gives staff time off for special "stopping smoking" classes.
IBM even offers acupuncture and hypnotherapy as well as counselling and classes.
All this is old hat in the US,

the norm. In most Californian offices, you would no more think of lighting a cigarette than spitting on the floor. In most of Europe, by contrast, smokers take their rights so seriously that they may not take kindly to efforts by their employers to help them quit.

Pursuing policies in a very big way

Lucy Kellaway takes the lift to meet Mick Newmarch, the top man at the Pru



march, chief executive of the Prudential, a big leather swivel chair is the best aid to

managing the insurance com-pany's \$500n. "Most of my job is thinking so a comfortable chair is essential," he says. Indeed, everything about his office, up on the tenth floor above the hi-fi shops of the Tottenham Court Road, is comfortable; it is also hig. The pan-oramic view, stretching over to the City is certainly hig. So are the City is certainly hig. So are maiden, given to his wife "in the two leather sofas and the days when the Japanese

most to the man who controls Britain's biggest pile of money? To Mick New High Holborn "look quite and the man who controls Britain's biggest pile of money? To Mick New High Holborn "look quite and Mick New High Holborn" "look quite and Mick New High Holborn " respectable" — as Newmarch puts it. In the meantime, he has tarted up his new office by covering the dark wood panelling in fake moiré silk to make it feel lighter.

Otherwise there is only a handful of personal touches: he has chosen a sentimental vic-

has chosen a sentimental pic-ture of two small girls by Hor-nel, the Scottish painter, out of the Pru's large art collection to hang opposite his desk. "I am an absolute dilettante about art, but I like that one." On a shelf he has a bronze owl and a sculpture of rice

What matters leather arm chairs. But then, so too is Newmarch.

man who controls Britain's leather arm chairs. But then, so too is Newmarch.

The building is a temporary home while the Pru spends spends of the pru spends spends of the pru spends

ered it so hideous, she would not have it in the house.

Newmarch - known as "The Bruiser" in Private Kye - has the reputation of being somewhat overbearing. He is well known for striking a tough bargain - last year he managed to secure a pay rise of 43 per cent despite the Pru's falling profits; earlier he persuaded the company to put more than 2500,000 towards a more than £500,000 towards a smart flat in Regents Park.

But his office, which has a strong functional feel, does not reinforce the impression. His desk displays signs of hard work, with an outsize brief case and piles of papers. Next to them are three big screens and a large calculator.

and a large calculator.

pening in the market. He also has a computer linked to the company's mainframe of which he makes little use. "Tm a two finger computer man," he says. Neither is he dependent on what he calls any "printed aid". Fifteen minutes is enough to scan the newspaper cuttings that his staff start resting at 7

that his staff start pasting at 7 o'clock each morning. There are none of the trendy management text books on his shelves - indeed, there are no books at all. Newmarch, who joined the company straight from school in 1955, believes in learning-by-doing. Since he became chief execu-tive two years ago he has been "Twe got Reuters and Topic

egy for the Pru", and two or three times a week he keeps a slot in his diary to "liaise" and roots as an investment man-ager," says Newmarch, who still does not feel quite right unless he knows what is hap-pening in the market. He also "interface" with his team of eight strategy experts. He spends most of his time

talking on one of the three tele-phones on his desk, and walking around the Pru's many offices meeting his staff. He says his colleagues are invited to pop in and see him whenever they like. However Newmarch is not known for being a democrat; his office is at the end of a corridor, protected by

a secretary and a PA.
But a democrat is not what
the Pru needs at the moment,
as it shuts down its estate agencies, divides and rules among its sales force, and cuts layers out of its insurance business. A tough touch is perhaps what is called for.



Mick Newmarch: "Most of my job is thinking, so a comfortable chair is essential"

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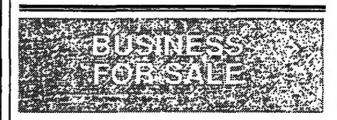
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THE PROPERTY MARKET

Small inroads made into debt

By Vanessa Houlder

he property debt mountain is starting to erode. For the second quarter running, total lending to commercial property has fallen by some £500m, according to the Bank of England. At the end of November, outstanding loans totalled £39.67bn, down from £40.21bn three months

It may be a step in the right direction, but the halting prog-ress underlines the magnitude of the problem. At this rate, the new funds from property sales and capital injections will not, by themselves, let the

banks off the hook.

So what is to be done? The problem has taxed the financial profession, which has tried to find ways to go beyond the traditional sources of funds. One avenue being explored

is the US commercial paper market, the largest market for short-term non-government debt in the world.

The UK property industry made its first inroad into this market just before Christmas,

Month of Nov '91

CAPITAL GROWTH (%) Retall Office Industrial All Properties Year to Nov '91 -15.1-3.3 0.6 0.1

It should save the company as much as 50 basis points or

\$500,000 a year. And it strengthened its negotiating position with the banks. "The syndicated loan market is very

nervous. We wanted to show we had other ways of financing Broadgate," said Mr Paul Riv-

The snag with the deal stemmed from the complexities

of breaking new ground. Sorting out the legal, tax and financial implications took six

The deal has a symbolic importance in that it repays the banks which took part in

the largest development finance deal of its time. "It

gives the banks an element of

comfort that their loans can be taken out. There has been con-

cern that there will be a never-

lin, a director of Rosehaugh.

when Rosehaugh Stanhope Developments raised £100m to refinance 135 Bishopsgate, occupied by County NatWest, in the Broadgate office develending process of rolling over loans," says Mr Richard Mully of County NatWest which arranged the refinancing with Sanwa International Strucment in the City of London. The advantage was two-fold. tured Finance, part of the Jap-anese bank.

It is not yet clear how far it will be copied. Sceptics may securitisation, which was her-alded in 1990 as an important new source of funds but has spawned no imitators. This involved £90m of creditenhanced floating rate notes that were arranged for BHH. an industrial property com-pany, by the same team of financiers that engineered the ESD deal (who were then at Paribas and are now at

BHH found that the up-front expenses of the issue were higher than expected, although it expects to save money over five years as it takes advantage of falling interest rates. More-over, its funding has the great virtue that it does not have to virtie that it does not have to do annual valuations and thus risk breaching its covenants. "It has enabled us to hold our entire portfolio together. The banks would have been more nervous," says Mr Robin Bag-nall, BHH's finance director.

It is unsurprising that no companies have followed BHH's example, according to Mr Gary Wilder of Sanwa. Mar-

gins in the asset-backed floating rate note market have vir-tually doubled since the deal. The US commercial paper market is currently a much cheaper option; several compa-nies are considering following

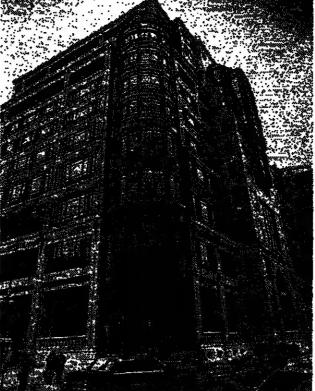
RSD down this route. But the main limitation of securitisation, in whatever market, is that it is only relevant for well-let property (which is often able to take its pick of the bank loan and debenture markets anyway). Moreover, the costs of arranging an issue are too high to be orthwhile for portfolios much under £100m. At most, the US commercial paper market could apply to £2bn to £4bn of UK property. So where most of the debt-

encumbered industry is concerned, there is no hope that the US commercial paper market will come to its rescue. Given the finicky appetite of property investors, it is not clear who or what will replace the property loans made to sec-

ond-rate property with poor tenants. "That is the big conundrum," says Mr Rupert Clarke of Jones Lang Wootton. "If there is a single wart on a property it will not be refin-anced," says Mr Mike Riley of Chesterton. Chesterton.

In the worst cases, the banks

will have to bite the bullet and make write downs, which



County NatWest building at 135 Bishopsgate in the Broads forced to roll over their loans

here to stay.

"The banks are going to be long-term providers of mort-gage finance to the property industry," says Mr Mully. Much of the debt mountain is

might add up to billions of pounds of loans. Others will have to convert debt to equity, even though this damages their capacity to make further

Bottom fishing for the brave

In the US, property values are predicted to bottom out in 1992. That is about the only good news from the Real Estate Research Corporation's recent report Emerging Trends in Real Estate 1992*. Trends in Real Estate 1992".

The report, a 40-page book-let published by Equitable Real Estate Investment Management, is based on interviews with a large panel of property professionals. It warns that "conditions will get worse before they get better".

Property financed a few years ago, and still in the pipe-line, is expected to add to the glut this year, particularly in cities such Los Angeles and

Signs of recovery are not expected until 1993 or 1994. Meanwhile, property's continued poor performance will hurt investors, including commercial banks, pension funds, incurrence commercials. insurance companies, foreigners and wealthy individuals. Returns, dismai last year, "will remain disappointing,"

the RERC report says.

Values are predicted to drop
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this year, if only because the principal issue for many investors now is how to exit. Since 1990, transaction volume has been gridlocked, in part because the bid/ask gap was too wide. But pressures on investors have a property of the part of the part because the bid/ask gap was too wide. too wide. But pressures on investors have grown and some insurance companies, pension funds, commercial banks and desperate developers may have more reasonably priced offerings.

For those with courage, patience and deep pockets, the RERC suggests it may be a good time to pick up bargains. It believes many of these deals, especially those by

deals, especially those by wealthy individuals, are more likely to be done quietly than through the open bidding that characterised the 1980s.

The Japanese and Europeans are not expected to want to increase their exposure, though the British and the Dutch, who both have long experience in the market, may go bottom fishing for bar-

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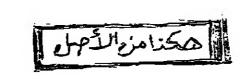
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DTI questions must be answered

rave IN RE LONDON UNITED INVESTMENTS PLC Court of Appeal (Lord Justice Dillon, Lord Justice Mustill and Lord Justice Stuart-Smith: December 19 1991

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THE Department of Trade and industry has power to appoint inspectors to investigate com-pany matters which are the subject of allegations of fraud, irrespective of whether they may also be subject to enquiry by the Serious Fraud Office or by the Serious Fraud Ornes or the police; and an officer of a-company questioned by the inspectors for the purpose of the investigation cannot refuse to answer on the ground only that to do so might incrimi-nate him.

The Court of Appeal so held when dismissing an appeal by Mr Peter Stringer Wilson, former chief executive of London United Investments pic (LUI), from Mr Justice Scott's decision on an application by Department of Trade and Longostry inspecture. Industry inspectors, that his remail to answer questions put to him by the inspectors was unjustified.

LORD JUSTICE DILLON said that from January 1 1976 to October 4 1990 Mr Wilson was a director of LUL

LUI carried on business pri-marily as a holding company in the insurance field, with two relevant wholly-owned subsid-iaries, Walbrook Insurance and HS Weavers (Underwriting) Agencies (HSW)

Mr Wilson was a director of Walbrook from December 3 1974 until August 2 1990. He was managing director of HSW from January 1 1976 until September 1989, when he became chief executive of LUI.

LUI ran into difficulties in 1989. On March 26 1990, following directions from the DTI, LUI and its subsidiaries stopped writing new insurance business. On May 22 an administration order was made in

In October/November 1990 the secretary of state, in exer-cise of his powers under sec-tion 432(3) of the Companies Act 1985, appointed inspectors to investigate the affairs of

The inspectors were particularly asked to look at the circumstances surrounding pay-ments of commission on reinsurance contracts relating to HSW. That raised questions with regard to arrangements

made between HSW and a Ger-ducted "with intent to man reinsurance company, defraud". Munich Re.

In an affidavit sworn on May 10 1991, the inspectors said it was apparent from their investigations that between 1976 and 1989 HSW had entered into reinsurance quota share trea-ties with Munich Re and that during that period deductions of 5 to 6.5 per cent, totalling \$46m, were made from reinsurance premiums and paid to various companies based in Germany or Liechtenstein, referred to as the "Smith com-

The inspectors said they regarded it as essential to their investigation to determine why those deductions were made, what was the true nature of the role performed by the

Smith companies, and for whom they were acting.

They pointed out in their affidavit that Mr Wilson was the person who carried out the negotiations with Munich Re and operated the Munich Re facility throughout the whole facility throughout the whole period. They said he had told them he intended the deduc-tions should go to the Smith

It seemed that the Smith companies took their name from Mr Graham Smith, an English chartered accountant resident in Liechtenstein, and his wife Isolde, a Liechtenstein

On October 30 1990 HSW started an action for fraud, against Mr Wilson and others including Mr and Mrs Smith and the Smith companies, in respect of diversion to the Smith companies of commis-sions payable by Munich Re. It was not surprising that the inspectors wanted to ques-tion Mr Wilson about the

Munich Re commission and the Smith companies.

Mr Wilson had refused to

Mr Brodie for Mr Wilson submitted that, as a matter of law, it was improper for the secretary of state to appoint inspec-tors to investigate matters which were the subject of alle-gations of fraud, because it was gatons of itam, because it was more appropriate that sus-pected crimes should be inves-tigated by the Serious Frand Office or the police.

That was an impossible contention in the face of the wording of Part XIV of the 1985 Act. Section 432(2) provided that the secretary of state might make an appointment if circumstances suggested a com-pany's affairs were being con-

Where matters which came to light in the course of investigation had been referred to a prosecuting authority, the se-retary of state was not bound to direct the inspectors to take no further steps. He just had power to do so (section 437).

Moreover, he had power under the combined effect of sections 449 and 451A to disclose information obtained by inspectors under section 434, to Against that background it

was impossible to conclude that there was any basis in law which precluded the secretary of state from appointing Inspectors in the present case.

The first major question on the appeal was whether Mr Wilson was entitled to rely on the Common Law privilege against self-incrimination as entitling him to refuse to

answer the inspectors' ques-The privilege was deep-rooted in the Common Law. However, since R v Scott (1856) 169 ER 909, it had been accepted law that parliament might take away the privilege. In Scott, where statute com-

pelled a bankrupt to answer questions which might show be had been guilty of felonies or misdemeanors, Lord Camp-bell CJ said "the maxim of the Common Law has therefore been overruled by the legisla-

There was no express provi-sion precluding officers of a company from relying on the privilege against self-incrimination when questioned by inspectors, either in the 1985 Act, or in the Insolvency Act

The court had to consider whether it was clear that par-liament intended, when enacting Part XIV, to take away the privilege. Lord Campbell's judgment in

R v Scott was an example of the sort of reasoning which might justify the court in holding that the privilege had implicitly been taken away.

Section 434(2) of the 1985 Act as amended by the Companies Act 1989 provided that if inspectors considered an officer of the company might be in possession of information relevant to their investigation they

ENSIGN TRUST PLC

might require him to "(b) attend before them, and (c) otherwise to give them all exsistance...which he is res-

he refused to answer, the inspectors might certify that fact to the court, and "(3)the court may thereupon enquire into the case and ... punish the offender in like manner as if he had been guilty of contempt of the court"

On those provisions, the conclusion was that as (i) inspectors would in very many cases have been appointed where the circumstances suggested fraud, (ii) persons questioned were bound to answer their questions, and (iii) the inspectors report might lead the secretary of state to petition for wind company's name in the public interest, the privilege against self-incrimination was

impliedly excluded. The second major question was whether it was fair for the inspectors to seek answers. given that they admittedly would be self-incriminating. It had long been held that the court was concerned to ensure that the procedure of private examination was not

exercised in a manner oppressive to the person to be exam-It might be that the court had power under section 463(2) to refuse to compel a person to answer or to punish him for refusing to answer, if it felt

oppressive and therefore unfair. But that was not this case.

If it was right that the privi-lege against self-incrimination
was not available to Mr Wilson, the mere fact that the answers might incriminate him could not be enough by itself to make it unfair that he

should be required to answer. In considering, in the absence of privilege, whether it was fair that questions should be put to him, it was highly relevant that Mr Wilson's position in the three companies made it likely that he knew the answers to the questions the inspectors wanted to ask him, and highly relevant also that because of that position he owed the fiduciary duty to the

The appeal was dismissed. Their Lordships agreed. For Mr Wilson: Stanley Brodie QC, Stephen Nathan and Robert House (Tarlo Lyons). For the inspectors: Andrew Collins QC and Arthur Charles (Treasury Solicitor).

Rachel Davies

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Name of person appointing the Joint administrative receivers: Burgistys Bank Pic
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Data of appointment of joint administrative receivers: 8 January 1852
Name of person appointing the joint administrative receivers: Barcary 1864
Name of person appointing the joint administrative receivers: Barcary 1864
Pic David R Witton and Isa Napler Carruthers (Office holder nos 5575 and 6652)
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receivers: 10 January 1962
Name of person appointing the joint administrative receivers: Barcleys Bank Pic Ism Napler Carruthens and David Robert William Napler Carruthens and David Robert William (Office holder nos 6682 and 5705)
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43 Temple Row
Birmingham
B2 5JT

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COMPANY LIMITED

Registered number: 1457245
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Trade classification: 15
Data of appointment of joint administra
receivers: 10 January 1992
Nature of person appointing the joint administra
receivers: National Bank Pic
Devid 9 Wilton and John Frederich Powe
(Office holder nos 5708 and 2995)
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43 Temple Rate
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FDA sets record on approvals

the time taken for new drugs to be approved in the US is falling quickly, according to the Food and Drug Administration (FDA),

Brug Administration (FDA), the government agency which controls what goes on sale in the \$60bn (233.50n) a year US drugs market.

It is also pushing through 43 per cent more products: 327 in 1991, compared with 229 in 1990. Among these was a greater number of new molecular entities (NMEs) — drugs with distinctiv different structure. with distinctly different struc-tures from those already on the market - than ever before. The FDA has been under pressure for some years over the time taken to approve drugs. The Waxman-Hatch act of 1984, for example, cut the time for approval of generic (non-patent) drugs. The drug industry lobby has since

industry lobby has since stapped up the pressure on the FDA for early approval.

In 1991, the average time taken for the top 30 new drugs, the NMEs, to be given the green light was 22.1 months, a 9 per cent improvement on 1990. The top 30 includes Glaxo's Zofran, used for treating nausea in cancer chemotherapy patients. Only 23 NMEs were approved in 1990. For the five most important drugs, those identified as providing the greatest therapeutic improvement over existing treatment, the time was 11.4 months, about half the level two years ago.

two years ago. These included Videx, Bristol Myers Squibb's Aids treatment. It was approved in six months, falling to beat the three-month record set in 1987 by the only other approved Aids drug Retrovir, made by UK company Wellcome.
The Aids lobby has been at the forefront of pressure on the

FDA to speed up the approvals process. Some 194 drugs were not given approval, either as outright rejections or withdrawn by the makers.
If the FDA's performance is

improving, then its figures indicate the drug makers are standing still. It took an average of 7.3 years for one of the top 30 drugs to go from the first clinical trials to approval in 1991. In 1990, the figure was 7.9 years and in 1989, 7.4 years.

Daniel Green

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Alves is head of a research project at the Brazilian Aero-space institute (INPE) to com-pile from satellite images the first comprehensive analysis of the world's largest rainforest.

The project, detailing everythe world's largest rainforest. The project, detailing everything down to the last nut gatherer, is expected to be completed by April. It is planned to be one of the highlights of the UN Environment Conference, or Earth Summit as it is known, which will be held in Rio de Janeiro in June. Not only will the study enable examination of geological, hydrological and botanical features (and changes caused by human activity) in the 5.2m sq km of jungle, including areas which have never been penetrated, it will also provide valuable information for some of today's most controverstal of today's most controversial environmental debates such as whether forest burning is more detrimental to climate change

than automobile emissions. In recognition of its work in using satellites to analyse the effect of human development of the Amazon, INPE has been

of the Amazon, INPE has been chosen to co-ordinate a study of the world's forests for the Space Agencies Forum. The results will be presented at the Earth Summit.

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terrestrial observations.

Beginning in April 1989
INPE devised a method using computer algorithms to calculate yearly deforestation from remote sensing satellite images taken by the American Landsat 5. Since 1984 the satellite has passed over the same point every 16 days from a 710km high orbit. This means that it always photographs Brazilian territory in the morning when cloud cover is still extensive so cloud cover is still extensive so it is not ideal.

The satellite images are

received in Cuiaba in the west of Brazil and transmitted 1,400km to an INPE station at Cachoeira where they are pro-

Christina Lamb describes plans to put satellite images of the Brazilian rainforest on computer

The visit of the contract of t

Operation Amazon



cessed to generate photos. Landsat captures light reflected from the earth's sur-face, producing an image on a scale of 1:250,000 in varying tones of grey. The photographs are given artificial colours – green for forest, darkening according to the density, pink for barren areas, grey for smoke from burnings and blue

for rivers and dams. The best 239 photos in terms of clarity of those produced each year are selected, each covering 185 sq km. Examina-tion of these photographs was used in 1989, 1990 and 1991 to calculate the yearly rate of deforestation. But, says Serra: "We realised this was an enor-

mous amount of work just to get one number - so we decided to analyse the photos so that we can say when, where and how an area was deforested."

To do this INPE has developed its own geographic information system. According to Serra: "It is not very compli-cated - really just a matter of common language on what is deforestation - there is a lot of area in the Amazon which is neither rainforest nor defores-

Now when the satellite photographs are taken to INPE headquarters at Sao Jose dos Campos to be interpreted, the images are colour coded to represent deforestation of different years. The resulting maps are fed into the computer and can then be used not only to evaluate more accurately the rate of deforestation but also to study its effect on carbon and hydro-cycles. Some 334 maps will be created to cover the whole area.

will be created to cover the whole area.

"Rather than simply having photos in archives, we can call up any area on computer from which we can make 1,000 observations." Sarra explains. "I can pick a piece of land near Manaus and say that it suffered X amount of deforestation in 1988 because of this, nothing in 1989 and Y amount in 1990 because of something else. I can see what was deforested for agriculture, for hydroelectric dams, for garimpagem [Informal mining] or simply disappeared, each of which has a different impact on the greenhouse effect."

Other uses for the computerised maps include looking at areas inhabited by Yanomani Indians and other indigenous tribes to see where their settlements are and to follow their

ments are and to follow their movements and discover where there have been encroachments by garintpairos or even cocaine smugglers building illegal airstrips. The maps will be used for the soning of the 9.4m hectares recently declared a reserve for the Yanomamis. Serra says the maps will also enable the study of the dynam-ics of forest nutrients, in terms

of soil, gases and the water-board. It will look at how deforestation has affected drainage and where streams have dried up because of silt produced by mining or reduction of forest protection.

They should also end ambiguitles in, for example, how much of the forest has been destroyed and the efficacy of protection

Brazilian government attempts to outlaw burnings. The gov-ernment environment agency claims that burnings were down last year on the 14,000 sq km deforested in 1989-90, but ecologists say they are back at 1988-89 levels of 23,800 sq km. The INPE team does not underestimate the importance of the project. "Not only are we creating the first ever Amazonian database which can be used by the whole world but the may also resolve some long.

running debates in Brazil's favour," Serra claims. With a sly smile, he adds: "imagine the enormous effect if we could show through this that Amazon burning has much less impact on the carbon cycle and thus climate change than burning fossil fuels or running care?

we may also resolve some long-

WORTH Della Bradshaw

Notebooks for heavyweights

NEW portable and notabook PCs continue to roll off the production lines packing even more power into the clam-shell box, writes Paul Taylor. Now Toshiba has added to the top end of its range with the T6400DX and T6400SX models built around intel's 80484DX and 80486SX chips. The machines are almed at engineers and solar tists who need heavyweight

computing power.

The mains-powered ports-bles, with thin film technology colour or monochrome gas-plasma screens, boast 16-bit card expansion slots, memory expansion up to 20Mbytes using credit card-sized memory cards and tull-sized 192-feey detachable keytoards.

Toshibs has also introduced the relevance T200081

duced the mid-range T3300SL notebook driven by a power-saving 25MHz Intel 80386SL chip and using nickel hydride batteries which offer a third more power than their nickel cadmium equivalents. An internal modem which can be plugged into a cellular telephone is also avallable.

Small potatoes hit the big time

THE problem for the horticulturist who has developed a new breed of potato is that it can take years to breed enough of the vagetables to get them into the shops. But a technique developed by scientists at the University of Wisconsin, and Itemsed by Small Potatoes, of Madison, could speed up the process.

Small Potatoes, of statistics, could speed up the process. Developers of the microtuber multiplication of potatoes process, which is also being mercialised by Rayyan Nederland, of Aai Nederland, of Azismeer, Hot-land, believe the process can produce 30 tubers from a singie parent "seed" — about 26 times the rate of today's methods. This is done strough the interplay of light, temperature, the growing medium and gravity in propri-

medium and gravity in propri-etary bloreactors.

The system requires only a low-cost growth environ-ment — the only human inter-vention is inserting the original microtuber and har-vesting the result. og the result.

Cellular phones raise the stakes

EUROPE'S Eculiobn (27bn)

EUROPE'S Ecurition (ETbn)
market for mobile communications is set to more than
double in size by the year
2001, according to the latest
report from CIT Research,
of London.
According to the survey,
Mobile Communication in
Western Europe 1982, the
number of cellular radio subsorfibers in Europe by the year
2001 will be three times what
they are today, and stand at
around 13.8m. And 52 per
cent of all cellular phones
will be digital, with the UK
having 1.4m digital cellphones, Germany 1.35m and
France 1.2m.
The use of paging should

The use of paging should increase by 69 per cent over the same period predicts CiT, so that by 2001 there will be 4.2m pagers in use in Europe.

Multimedia finds way to the bank

HUNTINGTON Bank, of Col-imbus, Ohio, is setting up a combined video-conferenc-ing and interactive service, enabling bank customers to have instant personal assis-tance at point-of-sale multi-media terminals, writes David Banchard

media terminate, writes David Barchard.
Huntington is using NCR 5682 self-service incitimedia terminate, using technology developed by AT&T's Bell Laboratories, to enable a standard telephone cable to transmit belt woles and video almosts between the bank's eignals between the bank's personnel and customers. The terminal allows customere to review accoun

obtain up-to-date information on bank products and rates, and perform other functions previously done by staff.

Untouchables on the virus trail

COMPUTER viruses are never for from the headlines, but as new ones are identified and confounded, more peraling their way into corporate

To thwart the virus creator, Fifth Generation Systems, of Baton Rouge, Louisians, has developed a piece of software which enables the PC user to stay one step ahead of

viruses, rather than running one pace behind.

When the Untouchable anti-virus activare is loaded on virus acreare is loscool on to the PC it identifies and eradicates any existing viruses. Then the software copies a signature of all the files that are held on the PC. If a new virus enters the system of the property of th tem — even those that have not previously been identified — the characteristics of this signature will change in a number of ways. This will snable Untouchable to identifithe presence of a virus before it can do any damage. The software can be used with any PC running under the Dos operating system.

Hole in one for golf design

THE golf club industry may not seem to be the most obvious market for computeraided design systems, but at Dunlop Siazenger, in Normanton, West Yorkshire, a Cad system from Silicon Graphics has enabled golf club designers to design a whole range of high-performance clubs.

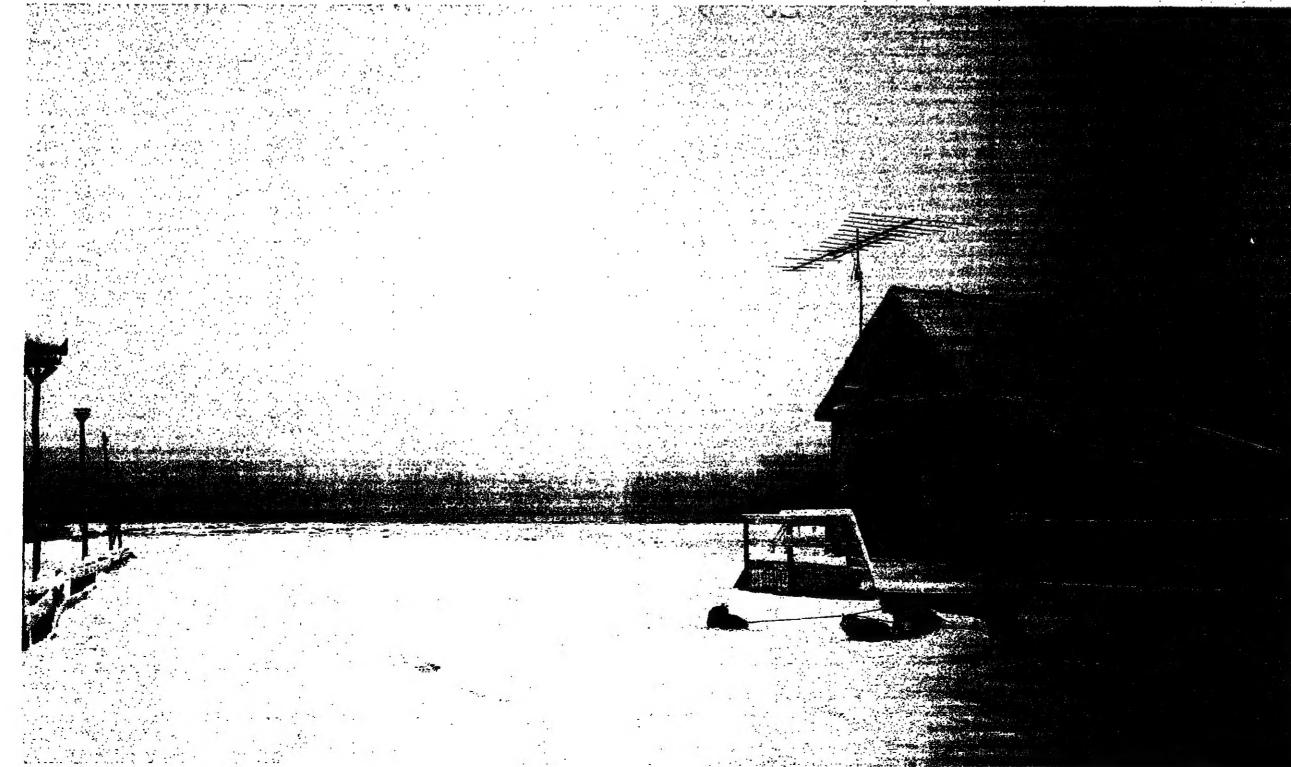
The design of a golf club is intricate — change one element of the club and it is likely to have an interpedad impact on other parts. As a result the design of clubs has been time-consuming.

With the Synergy range. THE golf club industry may

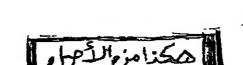
With the Synargy range, however; computer technology enabled the company to develop one club in the range on the screen and then generate the rest in the set automatically.

The 30 graphics enable the designers to visualise the club and rotate it on screen, analyzing its performance. In particular, it has enabled the company to move the cen-tre of gravity in the clubs as required, and to accurately calculate and position the "cavity back" or hollow which appears to each club.

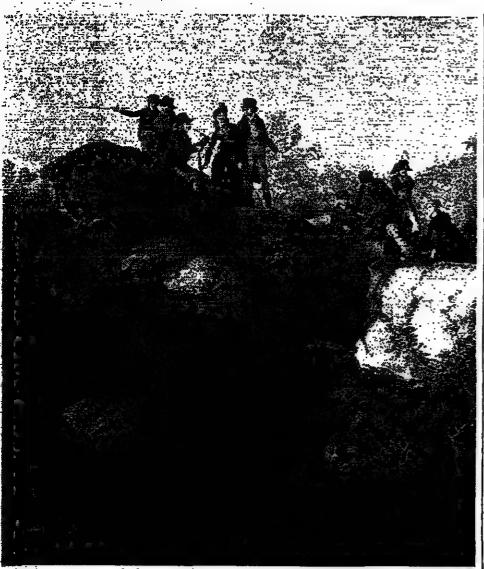
Contractor Toubilises Japan, 60 3467 4811; UK, 6032 841600. Street Polations UK, 665 266 6940. Rusyants Reductande, 02877 2297, CIT; UK, 571 465 9247. NCR: UK, 671 725 6887. First Generation Systems: US, 304 201 721; UK, 464 44224, Dunlop Skizenger: UK, 4624 86668, Silicon Graphics: UK, 6734 308222.



VISA MAKES THE WORLD GO ROU







"The Hanging Rocks of the Hesselberg', 1801, by Johann Georg von Dillis

Dillis: an unexpected talent

Susan Moore visits Munich in an attempt to solve the puzzle of a polyglot early 19th century artist

ne of the great reve-lations of the last 50 years is the extent to which the myobition-ary visions of Constable and Monat were foreshadowed in the oil electrics of the late 18th and early 19th centuries. The oil sketches made in Rome in the 1780s by Pierre-Renri de Valenciennes were rediscovered in 1830; and contemporaneous sketches executed in Rome and Naples by the Welsh artist Thomas Jones turned up in the selection in 1970. Their immediacy, swiffness of execution and sensitivity to aimothe oil exetches of the late 18th tion and sensitivity to atmo-spheric effects confounded audiences who regarded Valenciennes as a reactionary neo-Classical landscape painter, and Jones as a dull pupil of

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10 graphics and ilignors is than it rotate if any mg its perions cutar. It has no cutar. It has no cutar. It has no cutar. It has no cutar.

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As unexpected as the Valenclemes and Jones sketchbooks was the cache of drawings and oil sketches exhibited in Minich for the first time in 1959. They were by Johann Georg von Dillis, an amateur artist more widely remembered as the keeper of the royal col-lections for the Crown Prince, later King Ludwig I of Bavaria and the first director of Minich's Alte Pinskothek. As an artist he was something of a conundrum. His landscapes were quite unlike any other d in Germany in the late isth and early 19th centuries. Neve Pinskothek in Münich, organised to mark the 150th attempts to solve the Dillis puzzle. The artist is placed firmly in an European context, and he emerges as an intriguing Germany progeny of the parallel traditions of English and French naturalism.

of his extraordinary career. He was priest (briefly), painter, cicerons and connoisseur, gifted linguist and bureaucrat. In 1784 he came into contact with the remarkable Anglophile American Sir Benjamin Thompson, later Graf von Rumford, an economic and social reformer and philanthrosocial reformer and philanthro-pist in the amploy of Karl Theodor of Bavaria. Rumford introduced to Münich the notion of Picturesque garden-ing in the form of the Englis-chen Garten, and Dillis to the art of the English watercolour. He promoted Dillis's official career and his travels abroad, recommending him as a travel-ling commanion to English ling companion to English Grand Tourists.

Most notable among them

was Viscount Palmerston whose son, the future Prime Minister, Dillis drew in 1794. Thomas Jones described the the former as a "gentleman of taste", and it is quite plausible that he acquainted Dillis with the work or Wright of Derby. William Pars and the other watercolourists who had made the journey to Rome in the

Dillis was to travel extensively in Germany, Switzer-iand, Austria and Italy. In Rome and Naples in 1805 he met Angelica Kauffmann, Gavin Hamilton, Sir William Hamilton and Turner's American punil Washington Allston. From the first, certainly, his work shows an English bent. There is a specificity of place and time and light that is absent in contemporary Ger-

An atmospheric townscape by moonlight in grey wash could almost be by J.R. Cozens, his manner of drawing foliage akin to that of Thomas Hearne. His high-key "Et in Arcadia Ego", set perhaps the Englischen Gerten, is complete with classical temple, grazing cattle and figures under a tree: Münich through the eyes of

It is possible to walk around the show seeing a variety of masters guiding the hand of Dillis. Such is his experimentation that his technique changes from exhibit to exhibit. With a few notable exceptions, the less finished and formal watercolours and oils are by far the more pleas-If Dillie's somewhat old-tash-

ioned drawings are indebted to the English watercolourists, his oil aketches — in Italy and at home — owe more to the predominantly French community of artists working in Rome and Naples at the turn of the rocky outcrops abound. He paints broad hoary vistas, and light catching the tumbling forth of waterfalls, as did his friend the Belgian Simon Denis, and Biddauld, Michalion and Corot. Particularly close in spirit as well as technique to Valenciennes are the three large and impressive panora-mas of Rome painted in softening early morning light from a vantage point at the Villa

Dillis is not the South German Friedrich as suggested, or even a Bavarian Corot. He is, nonetheless, a fascinating witness to the flourishing exchange of ideas in Europe at the turn of the 19th century. Dillis: Landscapes and Por-

traits, plus a separate exhibi-tion of Dillis studies of Bavarian folk costume and landscape, continues at the Neue Pinakothek in Munich until February 9. It can be seen at the Albertinum in Dresden, March 1-May 8.

One Over the Eight

STEPHEN JOSEPH THEATRE, SCARBOROUGH

It might be surreal, but watching eight men in a boat, in a theatre, for most of two hours, can be a very funny experience indeed. Peter Robert Scott's One Over The Eight, directed by Alan Ayckbourn at the Stephen Joseph Ayenous in the deputer success
Theatre, Scarborough, proves to be
exactly that; a lightweight, uplifting
play about competitive rowing,
energetically performed and craumed
with knowing jokes.

The plot, unashamedly, is even shallower than the river Cherwell: a provincial university rowing club allenges the Oxford third boot, and then tries to live up to its bravado. At the outset, the rowers bear out At the outset, the rowers near our the truth that only the mediocre are always at their best. They row according to chaos theory: one slip and the whole crew disintegrates.

Their cox has abandoned them, and they are amazed the replacement is a woman. Their macho-alobhish instincts subside as she kicks them: into shape. En route, there are arguments and intrigues, but the action makes directly for the finishing

Movies thrive on this type of situation: a team of hopefuls come to believe in themselves and each other. Scott's play resembles the other. Scott's play resembles use training scenes from Stepping Out or 42nd Street, only here the characters find themselves through rowing, not dancing: the doubler finds faith, and the builty humility; the fatty loses a lew pounds, and the another his held. The play's serious concerns are lightly touched: it looks wittily at the relation between cox and crew, between

beefcake and brains; and wryly at the palpable values of loyalty and trust which remain after the high-octane testosterous has evaporated.

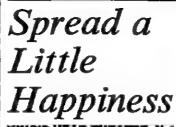
Scott dispenses platitudes like limiment to smooth things along and give everyone a warm glow; they come mostly from Saskia Wickham's smoellent cox and John Robinson's all-American college jock. They are balanced by a surly dissenter, played with tact and judgment by Jonathan Cake. Throughout, the rowing patois holds water, Wickham is native in it: bow-side, stroke, half-pressure, feathering, catching

As director here, Ayckbourn refines himself out of existence; his arters move around the boathous

set so naturally, interrupt each other so surely and squabble so realistically that they hardly seem to be acting. The setting - in the round - helps the cast of nine (crow plus cox) to generate a winning energy and exuberance; this keeps the action going long after the plot runs out of breath, and it is helped by John Pattison's efficient mood

The crew of this unnamed university eventually loses to Oxford's third boat by fourteen lengths; but they should feel confident when their show visits the Oxford Playhouse next month (February 3-8; and Brighton Theatre Royal, February 10-15).

Andrew St George



KING'S HEAD THEATRE, N. 1

Sweet, funny, and occasionally surprising touching, this show does just what its title purports, and then some. Thanks to Sting, you've heard the song "Spread a Little Happiness" a hundred times, of course: It's a honey. But you may well have forgotten, or not have known, that its tune was written for Mr Cinders by Vivian Ellis, whose career in the London musical theatre began in the glorious 1920s and continued till well after the Second World War. He is

the glorious 1920s and continued till well after the Second World War. He is still very much alive, and made a grace-tul speech on Tuesday's opening night.

Spread a Little Happiness honours Ellis by showing, in more than 30 songs, how much good work he has written. The pleasures it gives are largely mixed with surprise: the "So he wrote this" surprise on the one hand, and the "Why haven't I heard that before?" on the other. This celebration was devised by Sheridan Morley, who narrates with just the right combination of information and urbanity. It is defily directed (by Dan Crawford), stylishly choreographed (by David Toguri) and handsomely performed by six sing-

Ellis began under the aegis of Jerome Kern and grew in the great age of C.B. Cochran's revues. One of the songs here Cochran's revues. One of the songs here

"Wind in the Willows" — was originally staged in 1930 by the greatest choreographer of the century, George Balanchine, and another — Dancing with a Ghost from the 1934 Jill Darling — was arranged by the greatest British choreographer, Frederick Ashton. Sometimes he himself wrote the words for his own songs, but he worked with other fine lyricists, including — for the post-War musicals The Water Gipsies, Bless the Bride and more — A.P. Herbert.

In fact, it is the lyrics that are the



Rachel Robertson, Frank Thornton and Fiona Sinnott

greatest factor of this evening's success. Sometimes they are cleverly wordy, like "On the Amazon" with its list of the "philosopedes," "isosceles" and "hypo-"philosopedes," "isosceles" and "hypodermics" that make the Amazon so dandermics" that make the Amazon so dan-gerous. Sometimes they're just jolly akits: "I'm Horsa," "I'm Hengist," "We're coarser than Genghis," "I'm Hengist," "I'm Horsa," "We're men-tioned in Chaucer." Sometimes they're charmingly satiric, as in "A Small Abode off the Finchley Road," the plaint of the lady who, from her mar-ried exile in Baton Square, pines for her native Cricklewood.

Ellis does not emerge from this as a great melodist, and yet he seems a light year away from the decadence of the lyrio-led shows of the Sondheim school. Kliis's songs are all so shapely, sing-able, grateful in their vocal lines, and

native Cricklewood.

they beam with freshness and innothey beam with freshness and inno-cence. They are sophisticated without cynicism. (To my ear, however, his style loses its contemporary spirit in the last show represented here, Bless the Bride, which reverts to an operetta prettiness that I find resistible — even though "This is my Lovely Day" has the evening's finest majodic line.)

the evening's finest melodic line.)
The cast catches all the charm and tione of these songs. The two most experienced performers are Frank Thornton and Thelma Ruby; their timing and manner are perfect. Ray C Davis is the most skilful dancer present, throwing a neat double air turn and landing the moment before he starte to sing Men. moments before he starts to sing. Mau-rice Clarks sings the tenor soles musi-cally, but his style is more pinched and nasal than suits these tunes, I think that music like Ellis's can teach singers

how to use their voices freely, without

aqueezing or fulsetto.

As you can hear with Rachel Robertson, who is the evening's best discovery. Picture-pretty in a rather Olivia Newton-John way, she is 19 years old but already able to phrase and point a long with shall. Her weige opens out in song with skill. Her voice opens out in the bigger lines (though at moments it is alightly too breathy), and she can is alightly too breathy), and she can make much out of not a lot: e.g. "Me and My Dog". "I've got a dog. Me and my dog -- Are lost in the fog. Can't any kind gentleman show me the way home?" For me the great event of Spread a Little Happiness is the way she weights those rhymes and repetitions -- plaintive, winsome and yet deadly.

Alastair Macaulay

London International Mime Festival

The London Mime Festival is upon us again, provoking the usual groans among fogeys old and young about their least favourite four-letter word and avouries tour-letter word and the naual fluster of spirited defences. Let us call a halt for the time being on ancient prejudices and try to trace some sort of common denominator for the 20 or so ensembles currently giving their all in the capital. Tricky. Many of them use language They draw on cabaret. clowning, puppetry, staking their identity, it seems, more to their origins than to the work in hand.

And what are those origins? A quick flick through the festival brochure reveals that - except for a select band marked "international" - all are either European or North American. Even the international collaborations predominantly Euro-American. This could, of course, be an accident of selection, or it could be a reflection on the festival finances (it is cheaper to bring a troupe from Holland than Honduras; and for the purposes of this festival, they must all be called "mime").

A more interesting possibility is that the grouping reflects the stage the English theatre and its audiences have reached in redefining themselves to take on board Ruronean developments in visual and physical theatre.

Many of these companies
would happily appear at
festivals elsewhere in the continent as part of a mainstream theatre

The UK has not got that far yet, although the subsidised companies are just beginning to take advantage of their expertise. (Linda Kerr Scott,

Maria at the festival this week, has appeared as Lear's Fool for the RSC; The atre de Complicité, of which she is a member, gave its version of Durrenmatt's The Visit at the Royal National Theatre). So we are left with a largely

Buro-centric community of performers whose passport to credibility often seems to be to have Jacques LeCoq on their curriculum vitae (see how the name of the French mime maestro glisters in the programmes of Théâtre de Complicité).I couldn't say if this applies to the personnel of Talking Pictures, which presents two shows at Battersea Arts Centre, because the festival's efficiency did not extend to programmes. This UK-founded company, classed with the international brigade because it uses performers

from a variety of countries,

influences and intentions. The director of its first show, the aptly titled Europeans, is Stephen Daldry, director designate of the Royal Court whose championship of European plays has done so much for the Gate Theatre over the last couple of years. Billed as "a fast-forward

comedy of European manners", the piece is a slickly performed homily about the dangers of withholding help from the newly democratised nations of the Eastern bloc. Arriving in Strasbourg for the "conferenzia", three tatty delegates from an unnamed Slavonic country gawp their way into audience with the image-obsessed French, the chaotic Italians and the poker-stiff English via the only common language language they can find: text-book Latin.

As their case is heard and

rejected, the lights go down, the conference table aplinters into three and they trundle round the stage in tanks, while a corrupted version of the Internationale signals the ascendancy of nationalism and fascism.

As far as it goes, it is well done. The performances, by Jon Potter, Clarissa Malheros and the superb Dominique Grandmougin, dig deep into the lunacy of Euro-politics. But they are prevented by their chosen format from moving beyond national stereotypes into any more complex or profound reflection of realpolitik. A battery of skills is wastefully employed to ram home a single message. This is mime teetering on the edge of textual theatre, which reveals the danger of using words without a script.

Claire Armitstead

INTERNATIONAL PREVIEW & EXHIBITIONS

To understand Dillis it is

essential to known something

his BBC, in conjunction with process Barbican Centre, has ginland a mini lestival this selent focusing on the music of Alben Berg. Tonight's programme of songs and chambe round; is totroduced by the GBC's ic cipremo John Drummon Naturas (ha Kash Encamb) conducted by Andrew Davis, with sololats including the appraiso Arlean Auger and clarinetilat ntony Pay. Tomorrow evening, Davis conducts the BBC

Kenny), the Violin Concerto (soloist Liff-blockscher), Three (soloist Us Hoesecher). Three-fragments from Vocchestra Op-6. On Spriday alternoon, the Linday String Goeset plays he Third Quartet and Peter Donohoe plays the Plans, Sonata Op 1. In the Spat concert on Bunday analysis. Thirty windows a evening, Daries conducts a programma lactualing the Lutu Suite and Three Places from the Lync Suits. One of the aims of

is Barn weekend in its above how

the composer of the Seven Early Songs and Worzeck followed a

consistent line of development, with anticoderits in Schubert and Mahler (071-638 6891). The Nash Ensemble also plays

a prominent part in two concerts at St John's Smith Square in London early next month (Feb Along with works by Tchalkovsky, Richmaninov and Prokoliev, there will be two world premieres by leading communicary composers: Entern Designs's Dédicase for tiute, clarinet and string quartet and Elena Firsova's Odyssey for seven players (071-222 1061). One other London event worth noting this month is the new rarely-performed opera Königskinder (1910), opening at the Collecum on Jan 30 (nine performances till Feb 28). (071-240

5258). The first Benelux performance of Tippett's opera King Priam (1961) takes place on Jan 26 when the Flanders Opera in Antwerp stages Opera North's production. It is directed and designed by Tom Cairns, and conducted by Elgar Howarth. There are further performances on Jan 28 and 30. and Feb 1 (233 6665).

EXHIBITIONS GUIDE

AMSTERDAM Ven Gogh Museum Edouard Vulllard (1868-1940): the French artist's interior paintings featuring mainly his own family and friends. Ends March 8. Also Edgar Degas: .73 bronzes cast from a large number of wax and clay models found after the artist's death. Ends Rijksmuseum Rembrandt a exhibition bringing together eum Rembrandt a major paintings from museums in Berlin, Amsterdam and London, and capitalising on the latest developments in Rembrandt research and attribution. Ends March 1. Closed Mon SEMI IM

Martin-Gropius-Bau The Jewish World: Jewish lifestyle and history as reflected in different political, social and cultural circumstances around the globe, and exploring the Jewish identity in thought, art and religion. Ends April 26.

Altes Museum Martin Schongauer: an extensive exhibition marking the 500th anniversary of the death of the first great engraver of German art. Ends Feb 16. Closed Mon and Tues CHICAGO

Act Institute Grave Goods from Ancient Cultures: 40 objects illustrating the burial customs of ancient civilisations, including Egypt, China, Greece and Iran. Also Korean Ceramics: 114 pieces from the Ataka Collection, a the Koryo and Choson Dynasties (9th to 19th centuries A.D.). Ends Feb 2. Also Chicago on the Streets: three Chicago photographers take part in this

specially-commissioned exhibition examining the problems of the homeless, Ends April 5. Daily FLORENCE Palazzo Pitti Caravaggio: an exhibition marking the centenary of the birth of the distinguished Italian critic Roberto Longhi, who spearheaded the current vogue for the Baroque master. Among

the 19 oils on display are several

"double versions" of the same picture, such as The Boy Bitten by a Lizard - one belonging to the Longhi Foundation in Florence and the other from the National Gallery in London, both of certain attribution, and the fine Card Players, lent by the Kimbell Art Museum at Fort Worth. Ends Palezzo Strozzi Guntav Klimt. The exhibition includes not only the over-reproduced but decorative and inventive female portraits

for which Klimt is best known. but examples of his pastels, drawings, theatre sets - and a replica of the Beethoven frieze painted for an exhibition of the Secessionist movement in Vienna in 1902. Ends March 8 LONDON Royal Academy of Arts Andrea

Mantegna (c1431-1506): an exhibition of 150 paintings. drawings and engravings by one of the greatest artists of the early Italian Renaissance, tracing the development of his innovative genius. The subjects range from portraits to those with mythological and religious themes. and Include Manteona's Adoration of the Magi on loan from the Getty Museum and the celebrated scries of nine canvases of The Triumphs of Caesar, Ends April 5 (Tickets can be booked in advance from the Royal Academy tel 071-287 9579). Also Katsushika Hokusai (1760-1849): sketches, paintings and 150 printed works by the most celebrated Japanese artist in the West. Ends Feb 9. Daily Accademia Italiana Albarto Savinio: 60 paintings and drawings

from 1925 to 1952 by the

multi-talented Italian Surrealist.

who was the brother of Giorgio de Chirico and contemporary of Picasso, Carra and Morandi. Ends Feb 23. Closed Mon (24 Rutiand

Barbican Yelim Ladizhinsky (1911-82): the first exhibition in Britain of an artist who documented life in the Black Sea. port of Odessa, depicting the frozen streets of winter, the huatle and bustle of town life and everyday events in Odessa's large Jewish community. Ends Feb 11.

Goethe lastitute Gerhard Richter: works on paper 1966-1990 by one of Germany's most eminent living artists. Ends Feb 8. Closed Sun (50 Princes Gate, Exhibition Road

Serpentine Gallery Leonora
Carrington: retrospective of the
British surrealist, who was a
colleague of Ernst and triend of Edward James. Ends Jan 26. Daily (Kensington Gdns WZ)
Tate Gallery Anthony Caro: major retrospective of the leading British abstract aculptor. Also Tumer's Rivers of Europe. Ends Jan 26. Dally Victoria and Albert Museum The

Art of Death: objects illustrating the response to death from the 16th to 19th centuries, when people acknowledged their own mortality more openly than today. Ends March 22. Daily National Gallery Paula Rego: preparatory studies and finished paintings by the museum's first associate artist. Ends March 1.

MUNICH akothek Johann Georg Neue Pin von Dillis (1759-1841): Landsci and Portraiture. The exhibition.

marking the 150th anniversary of the death of the museum's first director, encapsulates the important role occupied by Dillis not only in Bavarian Romantic painting, but in German art as

His knowledge of Turner's innovations and personal acquaintance with Girtin and Valenciennes influenced his own rision of landscape, to which he brought natural lighting and modern-seeming compositions approaches, Ends Feb 9, Closed PARIS

Centre Pomoidou Max Ernst: 250 works showing the great Surrealist painter reveiling in the subconscious. Ends Jan 27. Closed

Elegance and Fashion in 18th century France; 80 exhibits from French Regency to the Revolution. Ends March 31. Closed Mon and Tues (107 rue de Rivoll) Musée d'Art Moderne Alberto Giacometti (1901-66): an exhibition illustrating the Swiss sculptor and painter's despairing search for an adequate representation of the human tigure. Ends March 15. Closed Mon (11 ave President Wilson)

ROME Palazzo Ruspoli Canova sculptures and the Farsetti Collection from the Hermitage in St Petersburg, Almost as fascinating as the eleven glistening marble works by Antonio Canova (including the charming Cupid and Psyche and the first version of The Three Graces) is the collection of terracotta maquettas by masters

auch as Gian Lorenzo Bernini and Algardi, which had belonged to the Venetian abbot Filippo Farsetti and were sold by him to Tsar

VIENNA Albertina Alois Ried! (b1935): an exhibition of realistic and abstract drawings in which the Austrian artist explores the relationship between people and furniture (1862-1944); more than 70 paintings by the Swedish abstract artist giving insight into religious and philosophical movements at the turn of the century. Ends Feb 2. Daily Washington

Corcoran Gallery of Art An Uncertain Grace: Photographs by Sebastiao Salgado. Over 100 nages focusing on oppression and poverty around the world, capturing the daily hardships of Ilfe from famine victims in Africa to the Latin American peasant. Ends March 22. Closed Mon (500 17th St., N.W.)

National Museum of American Art Gene Davis: nine works illustrating different stages in the career of an artist who relies on Improvisation, spontaneity and colour. Also recently acquired prints and drawings by more than 60 artists, including Willem de Kooning, Susan Rothenberg and Terry Winters. Ends March 1. Daily National Gallery of Art Walker Evans: photographs documenting American life during the Depression. Ends March 1, Daily

Museum Rietberg Art of the Yorubas: sculptures from western Nigeria. Ends March B. Closed Mon (Gablerstrasse 15).

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Friday January 17 1992

A Gulf war balance sheet

ONE YEAR ago today, a great international military force, led by the US, with substantial British and Arab participation and acting under the mandate of the United Nations, went to of the United Nations, went to war to free Kuwait from its occupation by Iraq. Forty days later, its mission was complete. The venture was judged worth-while then and hindsight has not altered the judgment. But not all its consequences were foreseen or calculated, which is often the case with victory. An audit is therefore in under

The legitimate government of Euwait was restored and the country is in the throes of reconstruction. It has, how-ever, not been transformed Gulf, although parliamentary elections are planned for later this year. Nor have similar fond hopes for structural changes in Saudi Arabia materialised, although it may have

a consultative council score.

However Saudi Arabia has reasserted its begemony over Opec. With one third of all output, it dictates production and pricing policies. This is satis-factory to the US and the leading western oil-consuming countries. Barring the unpredictable, security of supply and stability of prices will remain the goals for the 1990s. The secondary war objective of secur-ing Gulf oil supplies has thus

On the broader international sconomic front, it is clear that the war was little more than a blip on any graph, contrary to the fears of a year ago. The global economy remains vulnerable to disruption and infla-tion in raw material supplies, above all oil, but its essential related to public and private indebtedness, labour market rigidities and trade obstruction. In the US and Britain, it was shown that guns do not put butter on the table.

In the Middle Rest, it is a sad fact that Saddem Hussein still rules Iraq. This alone has brought great grief to its citizens, especially Kurds and Shi'ites. Now, as then, it would be better if he were not there - but it would be wrong to seek to overthrow him purely for reasons of vengeance or erable that the Iragis do it by an end to commercial and diplomatic ostracism — than have the US implement its plan to remove him by even

Arms barrer

This does not mean that the international community is powerless to restrain Saddam from violating his own people or that it should ease in any way the pressure to root out all lrag's offensive military and nuclear capability and to deny it more. This task is made more urgent with the potential entry into the same becaur of former Soviet weapons and nuclear expertise. Indeed, all the fine words about control ling the arms trade and promoting regional security have to date produced little. The only clear gain is the recognition in Iran, a beneficiary of the war, that the US is more than "the great Satan".

The western political fall out has been unpredictable. Both George Bush and John Major have found war's benefits ephemeral, demonstrating that, in election years, their respective publics tend to respective publics tend to respond to more prosaic domestic issues. Today, the continued presence of Saddam in Baghdad may be an electoral liability for Mr Bush. Less so for Mr Major, although his admirable initiative on and become for the Navide I was havens for the Kurds in Iraq has had a distressingly short shelf life.

Desirable change

Although Germany, like Japan, was vilified for contributing only money, not troops, the war had a generally stimulative effect on the drive towards a common European foreign and defence policy; Maastricht was an advance, if an incomplete one. That the first test of EC resolve came in Yugoslavia was unfortunate, but also salutary on the learning curve. If it comes, the desirable change in the German constitution, allowing for the participation of its forces in any collective security operation outside the Nato area, may be said to have had its roots in the Gulf war. Equally, although constitutional change in Japan is less desirable, both domestic and international attention is now properly focused on the most effective ways in which it can contrib-

ute to global security. The war was unequivocally good for the UN system. Its security council worked as never before, thanks, in part, to Mr Gorbachev. It is also right that the international community, acting through the UN, increasingly considers it legitimate to intervene in the internal affairs of a country on humanitarian grounds. This would be the best justification for any future active interven-

new world order, as promised by Mr Bush, has been put in place, partly because of the disappearance of the Soviet Union. But the lessons of the war point to that order's easential ingredients. They are that no country, not even the world's remaining superpower, can do it all on its own; that the UN, an effective European Community and a more outward-looking Japan, must all play important roles. If, as we wrote a year ago today, "war is the result of miscalculation", (in this case by Saddam Hussein) peace and security should not be.

Rosière, the gover-nor of the Bank of sises his country's new-found monetary rectitude by spelling out to visitors his employees' latest pay increase: just 2.5 per

He arches his Gallic eye-He arches his Gallic eye-brows at events in Germany. As part of general high wage demands in this year's German pay round, the civil servants' association - which covers officials at the Bundesbank -has launched a claim for an increase of 10.5 per cent. Ger-man steelworkers, meanwhile, this week have threatened to strike in pursuit of a 10 per cent-blus pay claim - even cent-plus pay claim - even though yesterday there was growing confidence that a 5 to 6 per cent pay deal might be negotiated without recourse to widespread work stoppages.

The uncharacteristic flag-ging of Germany's inflation performance – one of the sideeffects of German unification -has a crucial influence on the present strains within in the European Monetary Sys-

The nervousness surrounding sterling - which was yes-terday still hovering just above its effective floor in the system - reflects just part of the tensions. The strongest currency in the EMS remains the Span-French franc and Danish crown have all been weak

ately against the D-Mark. The BMS has functioned for five years without a significant exchange rate realignment.
But partly because Germany
has fallen from financial virtue
as a result of post-unity economic turbulence, the system is starting to look vulnerable, for three basic reasons:

 High German interest rates: these have risen as a consequence of the Bundesbank's worries that Germany's unityinduced boom in 1989-90 has left the country with an inflationary hangover. The German public sector deficit is running at about 4 per cent of gross domestic product, caused by large-scale public sector translarge scale public sector transfers to east Germany, while German wage inflation last year was an unusually high 7 per cent.

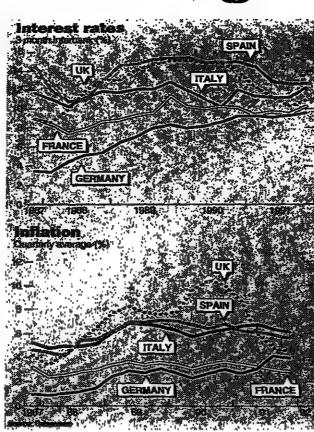
Worries about sterling: the British government has firmly ruled out devaluation. But with the economy still in the doldrums, the UK has been the only member of the exchange rate mechanism (ERM) not to have increased interest rates in the wake of the Bundesbank's pre-Christmas boost in discount and Lombard rates. Combined has not been helped by the Bundes-bank view — shared by some at the Bank of England — that sterling joined the ERM 15 months ago at an uncompetitively high rate.

 Longer-term concern about the position of the higher-infla-tion currencies within the EMS, above all the lira and the peseta: both Italy and Spain are running large current account deficits and will be prime candidates for devalua-tion if a large realignment needs to take place during the next two years as part of preparations for economic and

monetary union (Emu).

In spits of this tragility, a realignment in the near future looks improbable, especially after the D-Mark's fall against the dollar in the last faw days. Most EMS participants are conDavid Marsh reports on the effect of tensions within the EMS

Stressful exchanges



exchange rate stability than at the time of the last shake up in

parities five years ago.

Most of these countries believe that the competitive advantage gained through any devaluation against the D-Mark would be outweighed by the negative effects on inflation. Rather than seeking a currency adjustment, Germany's partners seem likely, therefore, reluctantly to tolerate high interest rates in the next few months — part of the price of German unity.

One senior European central banker who has played a key role in running the nearly 13-year-old EMS says: "There was a good argument to revalue the D-Merk 18 months ago to lower inflationary pressures [during the reunification process. If that had happened, there would have been less of a would still be only 2.5 per cent, and German interest rates

would not be so high." Now, however, with German growth slowing, he says: "The situation is different. The time for a revaluation has been

In his struggle to avoid a foreign exchange market show-down, Mr Norman Lemont, the UK chancellor, has several cards up his sleeve.
Sterling's crucial EMS floor
at present, just below

the only currency other than sterling to benefit from the wide 6 per cent fluctuation margin. If the Spanish currency moves lower in coming weeks, this automatically increases the pound's leeway to drop to its ultimate floor of DM2.78, reducing pressure on the UK authorities to take

efemalys action. If the Bauk of England does need to intervene to protect sterling, it can draw on an increased stock of foreign enchange reserves - much of them now held in D-Marks. The UK's currency reserves have risen since the end of 1995 from \$13bn to \$36bn. This is part of an unprecedented \$125bn increase in the currency holdings of Germany's eight ERM partner central banks during the past five

economic reason for a currency adjustment than in the past, European inflation rates have converged noticeably during the past five years - sharply narrowing interest rate differentials (see chart). With French indiation down

to 3.1 per cent last year, against 4.2 per cent in Germany, the Bank of France believes that the franc could eventually take over the "snchor" role in the EMS enjoyed by the D-Mark, allowing the French government to reduce its interest rates to less than Germany's. This explains why Mr Pierre Bérégovoy, the French finance minister, has become the arch-defender of the franc's present D-Mark par-

ministry official remarks with hauteur. "We find it unaccept-able that a currency with a lower inflation rate should be devalued." If there should be a

devalued." If there should be a realignment in the future, he says, the franc would move up in line with a revaluation of the D-Mark.

Mr Bérégovoy's rebuttals of devaluation now have considerable credibility, for he has found some powerful allies at home. In spite of slow growth and increasing unamployment — projected to rise to more than 10 per cent in early 1992 — there is near-consensus - there is near-consensus among French industrialists in

The French Patronat employers' organisation, which called at the beginning of the called at the beginning of the 1860s for a lower franc, now firmly rebuts the devaluation option. "Exchange rate discipline has had very positive effects on the competitiveness and efficiency of French enterprises," says Mr Ernest-Antoine Seillière, Patronat vice-president in charge of economic affairs. "For decades, we experienced systematic devaluexperienced systematic devalu-ations, which became a way of life. We do not want to start

to stick to corrent EMS levels is shown by employers' organi-sations in the UK and Germany. Mr Douglas McWilliams, economic adviser to the Con-federation of British Industry, says he is pleasantly surprised by the number of industrialists supporting the UK govern-ment's anti-devaluation line. Of CBI members, he estimate that "most would go along with a small rise in interest rates rather than a devalua-tion". Sir Brian Corby, the CRI president, yesterday ruled out a devaluation as "unacceptable, unnecessary and counter productive".

Mr Ludolf von Wartsnberg general manager of the Federa-tion of German Industries, the BDI, urges EMS partners to stick to the "stability course. A realignment would not be help-ful", he says. "Other countries may try to escape the infinence of German interest rates. But it would not solve their difficul-

As European governments pender how long the German credit squeeze will last, forecasts that the Bundesbenk will reduce its key lending rates by April are starting to look more credible after a sharp fall in German capital market visits. German capital market yields during the past few weeks - a signal that the German economic slowdown is now starting to bite.
Much will depend on the out-

German wage bargaining. If further evidence of sluggishness in the German economy coincides with moderation in pay deals, there will be over-whelming pressure on the Bundesbank to relax its stance. "At these high levels of interest rates," says one key Bund-esbank official, "the air gets a little thin."

In the meantime, Germany's EMS partners will have little choice but to take the medicine from Frankfurt.

BOOK REVIEW

Mid-bridge in the Middle East

ny two people from opposite sides of the Arab-Israel divide who succeed in agreeing on more than a vague online of a resolution of the longest-muning Middle East conflict deserve Middle East conflict deserve credit. For the attempt to be made jointly by an Israeli citival and a Palestinian assures the project of greater credibility and, hopefully, wider circulation. And for the authors to have concluded their task by liking and respecting each other was a boaus that even they had not contemplated. What they would now like he for the involved parties to study their efforts, and to consider those areas where multiply acceptable solutions are ally acceptable solutions are shown to be possible.

It was none the less tempting to abandon No Trumpets, puge. The disappointment was provoked by the realisation that, although setting out on a marathon course, the two runmers had started at the halfway

inus had started at the halfway mark.

Mr. Heller, a Canadian-born Israeli, quickly admits to having supported for some time the concept of an independent Palestinian state on the territory occupied by Israel in the 1967 war. For his part, Mr Nusselbeh has wo of Mr Heller's position from the outset, and asys that he could not have says that he could not have worked with an Israeli who worked with an accept the necessity of a two-state solution. For him and, he says, the Paiestinian people, the bottom line must be a sovereign state with East Jerusalem as its capital.

Contrast this with the starting point of the peace negotiations in Madrid last November and in the fixed see sion of talks in Washington this week. Not only does the Israeli government refuse to contemplate the omergence of a Palestinian state; it refuses to negotiate with a separate Palestinian delegation and will not concede the principle of returning any part of the occu-pled territories.

Mr Yitzhak Shamir, Israel's Mr Yitzhek Shamir, Israel's prime minister, has said repeatedly that all that is on offer is peace for peace. As if to reinforce that assection, Israel is accelerating the pace of its house building programme in the West Bank and Geza, regardiese of mounting American anger and the increasing probability that President George Bush will seek to denty. Israel the \$10tm it is asking for in-loan guarantees to help setin loan guarantees to help settie the wave of new immi-

Of course, Mr Shamir is taking his most extreme position at the outset, both as a negotiaat the outset, both as a negotia-ting stance and in the hope that he might persuade the Arab delegation to abandon-the process. But it would be naïve to expect that Mr. Sha-mir, the Likud party he leads, or anyone else from the Israeli right to do what Mr. Num-libth has required and received from Mr. Roller that is, to recognise Mr Heller: that is, to recognise

NO TRUMPETS, NO DRUMS Mark Heller I.B. Touris. £12.95

the principle of what they describe as "equitability and nautuality" between the Israeli If that were achieved, then Messrs Heller and Nusselbeh would be more likely to be cheeving and chronicing the progress of the official negotiations, rather than coming up with solutions of their own. with solutions of their own. Finding a way to cross the bridge from the reality of today to the point at which the anthors have chosen to begin their own negotiations is what the process is about.

For Arab leaders, the past dead has brought releatless narrowing of choice. The

for Arab seasons, the passion of the pre-content of the US in the Middle East have left no way forward for them, other than through negotiation. If Mr. Nussibeh was the to deliver to them in fact what he has negotiated in print, songs in his honour would be sung throughout the Arab world.

He may not have achieved everything that the Palestinians want, but he has progressed further with he falls than did President Anwar Sadat in his attempt to win Sadat in his attempt to win concessions from Mr Menaconcessions from Mr Mena-chem Begin, the former Israeli prime minister, at the Camp David negotiations which irrogations which in Arab Israeli peace efforts. Mr Haller will have a harder

task in selling the results of his labour to fellow citizens. He questions, as do they, whether the Palestinians and other Arabs will ever in truly reconcile themselves to Israel's existence. But he is also convinced that Israel, faced by the choice between stalements and a two-state solution, must

He and Mr Nomeibels cannot agree on the precise borders between the two states, but they do not back away from solutions for scarcely less contentions issues, such as the return of Palestinian refugees, Jowish settlements, security, water resources, and even the future of Jerusalem as the jointly administered capital of

both nations. They have done what intelligent fair-minded people should always be capable of Sadly, as the Middle Rast dully denonstrates, their voices remain faint, and the need to make for from being actively debated by the majority of Israella. If ever it is, No Trumpets, No Drums can make a reasons contribution to what will be an othered and divisive of

Roger Matthews

Labour wobbles on tax

LABOUR'S plans to eliminate the anomalies created by the interaction of national insurance contributions with income tax are commendable. An employee on £20,000 a year faces a marginal tax rate of 34 per cent (income tax plus NI contributions); when earnings rise above £20,280, the ceiling for employees' NI contributions, the marginal rate drops to 25 per cent. This is anoma-But eliminating the NI celling would impose losses on taxpayers which would be politically difficult to digest at pointeany amount to algest at one sitting. For an employee on £25,000 a year, the cost would be £425; at £30,000 a year, the cost would be £875. And even at much higher incomes, the loss created by lifting the NI ceiling would be greater than that imposed by greater than that imposed by Labour's plans for income tax.

About 3.5m voters would face tax increases of poll tax dimensions (the additional higher rate band, by contrast, would probably threaten fewer than lm). Anyone on more than im). Anyone on more than the average full-time male non-manual earnings ~ 14 per cent of taxpayers — would pay more. The effect would be even greater in the south-east: a draft IFS report suggests that a third of households would pay more MI contributions.

Political implications

The political implications of such a tax increase are clear. And the Conservatives have launched a ferocious - if somewhat mendacious -sssault on Labour's plans to ensure that anyone who aspires to modest income should feel threatened. When an opinion poll published on Wednesday put the Conserva-

tives ahead of Labour, the Con-servative chairman, Mr Chris Patten, was quick to claim success for his tax campaign.
Within 24 hours, senior Labour figures had let it be known that the NI reform could be phased in over years. Indeed, phasing-in had always been intended: scrutiny of policy documents revealed that increases would be introduced. gradually to avoid disrupting family budgets.

Strange silence

Maybe, but it is strange that neither Mr Kinnock, Mr Smith nor Mrs Beckett has mentioned such phasing during the myr-iad interviews they have given on Labour's tax plans. The oversight is all the more inex-plicable because Labour could still honour its spending pledges if the abolition of the NI ceiling were done in stages. This is not the first time that

a carefully crefted package of Labour tax proposals has come unstuck under inspection. Dur-ing the 1987 general election campaign, Labour's manifesto was less than frank about its plans to eliminate the married man's tax allowance. And prior to election day, Mr Kinnock and Mr Hattersley found them-selves embarrassingly at odds over how far down the income

scale their tax increases would reach. Whether this was significant in the scale of Labour's defeat is impossible to judge. But Labour has had almost five years since then to get its tax policies right. The party can hardly complain if its belated endorsement of phasing in the removal of the NI ceiling is portrayed as a panic mea in response to an adverse opin-ion poll.

Staying power

M Recognition at lasti Vincas Bilickas, who for over 50 of his 87 years has unoffically represented Lithuania in represented Lithuania in Britain, is to be recognised as his country's ambassador by

The first envoy to be appointed to the Court of St James by one of the newly independent Baltic states, he initially arrived in London as a commercial counsellor in 1938. A year later the Ribben lotov pact pitched Lith unia into the Soviet Union.

Bilickas stayed put, along
with the ambassador Bronius
Balutis, becoming head of mission when his chief died in the 1960s. Although the UK foreign office allowed him personal diplomatic privileges, deeming him a charge d'affaires, he was not recognised as Lithuania's envoy nor, of course, invited to diplomatic parties.

He'll ne deubt make up for

He'll no doubt make up for it after presenting his letters to the Queen on February 11. But, while he wouldn't say so himself, a better date might have been chosen.

Five days later comes Lithunia's longstanding Independence Day — one of the two occasions each year on which Bilickas has steadfastly raised his faded yellow, green and red national flag over the legation. The other is Her Maint. tion. The other is Her Maiesty's birthday.

Musical chairs The reshuffle of finance directors at NatWest and TSB

is all rather odd. Why should a well-respected NatWest vateran like John Burns want to defect to a group less than half NatWest's size, when he is only four years from retirement? Presumably Burns is privy to NatWest's innermost strategic secrets, so why allow him to take them to an arch competitor? It looks far too cosy and once again

OBSERVER

how competitive British banks really are. Burns was not talking yesterday, so the mar-ket will have to draw its own Of the two banks, NatWest,

seems to be taking the bigger risk in going outside for a linance chief. While it cartainly needs an injection of talent, such changes are better made step by step. Not only is Richard Goeltz not a banker, but he comme from another country. (His wife Mary Ellen Johnson, seems intent on con-tinuing her career in Chicago thing her career in charge as treasurer of Sara Lee. He might be just what is needed to shake up NatWest's inbred management culture. But the record of similar moves is not particularly encouraging. Midland Bank is on its third outside finance director and so far there is little improvement in its for-tunes. Meanwhile, Lloyds Bank, the most successful of the clearers, seems to have done very well without having

Well telegraphed It was scarcely a surprise punch-line that emerged from the New York Times's 65-yearthe New York Times 8 65-year old chairman and publisher yesterday. Arthur Ochs Sulz-berger, known familiarly as Punch (his sister is called Judy) named his son Arthur Ochs Sulzberger Jr as new pub-

a finance director on its board.

Junior, dubbed Pinch by outsiders, joined the NY Times in 1978. Now 40, he has worked there as general reporter, advertising man, corporate planner, and deputy publisher There was never any doubt about his destiny. His earn-ings, which in 1990 totalled \$302.500, reflected his exalted position. As one Wall Street analyst noted a while back:
"Obviously your name isn't
Sulzberger for nothing."
True, Pinch will have to con-



"You'd sell your own grandmother to fieldem Hussein, Fry - I like that in a man" tend with a recession-bit media

market. The New York Three Company reported a 79 per cent alump in third quarter net profit, to \$1.9m. But Sulz-berger senior declared himself "comident that Arthur will be an excellent publisher." be an excellent publisher". Oddly enough, much the same was said last March by Katharine Graham, owner of

Ivan the voluble Britain's parliamentary equivalent of TV talent-spotting shows, private members' bills offer obscure backbenchers a rare chance to change the law and achieve stardom.

And opportunity knocks today for Conservation IVD lies for Conservative MP Ivan Law rence, whose national lottery bill comes up in the House of

the Washington Post, when she named her son Donald to succeed her as its chief execu-

He is already better known than most backbenchers, not least because of his other job

Kray brothers and mass-murdeger Denis Nilsen. But. he has also scored a telling achievement in parliament. in opposing the govern-ment's Water (Finoridation) Bill nearly seven years ago, he made a speech starting at five in the morning and lasting four hours 23 minutes enshrined in the Guinness Book of Records as the longest back-bench speech under pres-ent standing orders.

Culture gulf ■ Henry V would have turned in his grave when the war against Iraq began on the morning of January 17 last year, according to the man neval forces in the Gulf. Commodore Christopher Craig told an audience at the Royal United Services Institute yesterday how, shortly before the aliled offensive, he asked commanders in Riyadh for a codeword he might flash out to tell everybody when "the balloon had gone up". The word he requested was

Agincourt. To his consterna-tion, the response came bank. "Use Walkman." City expects... While we're talking about codes, isn't it time Trafalgar House replaced the three flags in its logo with a more appro-

prists messes?

The three pendants spell out the number 253, which the company insists was the code Neison used for "England" in Neison used for "kngishd" in his famous signal about expecting every man to do his duty at the battle of Trafalgar. But to judge by yesterday's rather stormy annual general meeting, the company of Trafalgar isn't living up to City expectations at least.

tions at less Firms at least.

A more apt logo might be letter-flags SFV, signifying my engines are going full speed astern, I am disabled - communicate with me, and I require assistance".

INDEXTRA

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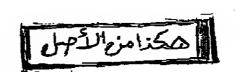
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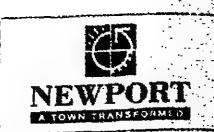
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FINANCIAL TIMES

Friday January 17 1992



Issue of Israeli settlement activity in the occupied territories seen as blocking progress

Mideast talks end in virtual deadlock

By George Graham in Washington

THE LATEST round of Middle East peace talks ended in vir-tual deadlock yesterday after four days of negotiations in

Washington.
Israeli delegates flew home,
a day later than planned, to face a mounting domestic political crisis after the withdrawal announced by two right-wing parties imperilled the parlia-mentary majority of the Likud-

led coalition government.

They left behind a host of unresolved issues, after making little headway in bilateral talks with Syrian, Lebanese, Jordanian and Palestinian del-

But threats of a complete

appeared to be averted. Israeli and Arab delegates at least agreed they should meet again on February 10, but could not agree where. Israel wants to move the talks to the Middle East, while the Arab delegations want to keep them in Washington Mr Richard Boucher, a

spokesman for the US State Department, said: "We think that this round of talks was important and that significant procedural issues were

The issues to be negotiated are complex, and thus the negotiations are expected to be tough. The key is to remain on

comprehensive settlement of Arab-Israell dispute. Blocking further progress is the issue of the settlements in the occupied territories in the West Bank and Gaza: Palestinian delegates see this as a criti-cal obstacle; Israel sees Pales-tinian violence against the settlers in the same light. But the US, which views the

settlements as an obstacle to peace, is placing increasing pressure on Israel to curb its ettlements activity or forego the \$10bn of loan guarantees it has requested from the US over next five years to finance the absorption of Soviet Jews. Under growing pressure

- the Palestine Liberation Organisation in Tunis and the leaders of the Intifade in the occupied territories, for the Palestinians, and the right-wing parties for Israel - the delegations have exchanged insults, in a process described by Mr Hanan Ashrawi, the Pal-

estinian spokeswoman, as "one-upmanship on pain". Mr Robert Satloff, of the Washington Institute for Near East Policy, said: "Both the Israelis and the Palestinians are operating under severe domestic constraints. A lot of the rhetoric is for home consumption.

Observers point out that the Palestinians and Israelis quickly resolved the proce-dural dispute that had prevented them from even sitting around a table in the last round of talks in December.

Palestinian delegates presented their proposals for interim self-government, which call for an assembly of 180 dele-gates elected under international supervision.

"It's a starting position

which they understand is not acceptable. But they are perfectly entitled to put that pro-posal on the table," said Mr Zalman Shoval, Israel's ambassador to the US.

Book review: Mid-bridge in the Middle East, Page 16

Yeltsin vows to defeat 'sabotage'

By Leyla Boulton in Moscow

RUSSIAN president Boris Yeltsin yesterday vowed to speed up privatisation and smash monopolies in the face of what he called "sabctage" by powerful forces, including ormer Communist officials.
Defending his cabinet of eco-

nomic reformers, he also dismissed attacks, including a resignation call by Mr Ruslan Khasbulatov, the Russian parllament's ambitious chairman, as "unacceptable" attempts to reap "political dividends" from present difficulties.

The market is being set up in difficult conditions - eco-nomic crisis, collapse of the union...the resistance of mails structures striving to retain dominance in distribution, open sabotage by the for-mer party nomenklature, he

Warning that the reforms were not yet irreversible, he urged deputies to show "real support, mutual trust and joint action". He said, for instance, that in an attempt to bring down prices, he would cut the profit margins allowed produc-ers to half of their costs.

Just back from a national tour, Mr Yeltsin said lowerlevel authorities had failed to pay salary increases for state employees and subsidies for the poor in many parts of the country - fuelling discontent.

unions, 2,000 members of which demonstrated outside the parliament building yesterday, plan a day of action today to protest against the way market reforms are being carried out. Miners in Kazakhstan are already on strike, while Russian miners and railway workers are threatening similar

Mr Yeltsin said special committees were being set up in 40 regions to oversee the implementation of reforms. In another measure likely to prove popular, he announced that Communist party money frozen in Russian bank

accounts would be used to finance social welfere for those hit hardest by price reforms. In the perliament yesterday Mr Khasbulatov specied as Mr Yegor Gaidar, the deputy prime minister responsible for economic reforms spoke But economic reforms, spoke. But his deputy, Mr Vladimir Shu-melko, said that parliamentary and government leaders had met the previous day to nar-row their differences.

He described legislation to put trade on a market footing as excessively bureaucratic, but Mr Gaidar countered that it had produced results. Out of 70,000 state shops in Russia, said Mr Gaidar, 20,000 had already opted for "commerci-alisation" – the right to act as



Boris Yeltsin: resignation call "unacceptable"

cluding their own contracts and holding their own bank accounts. He also said that a budget for 1992 had been sub-

aiming for a balanced budget this year and Mr Yeltsin said that unless the central bank tightened its credit policies, all

mitted to parliament for Swiss link in Maxwell share deals

By Bronwen Maddox, Ian Rodger and Robert Peston in London

INVESTIGATORS believe that vital information on Mr Robert Maxwell's alleged lilegal attempts to support the Max-well Communication Corporation share price is held by Dr Werner Rechsteiner, a Zurich-based lawyer, who is adminis-trative president of Yakosa Finanzierungs, a secretive

Swiss holding company.

The Financial Times has established that Yakosa is one of two Swiss vehicles which bought between 20m and 25m MCC shares, worth £50m (\$89m) in April 1991.

Goldman Sachs, the leading US investment bank, acted as

broker to a series of transactions involving the sale of 25m MCC shares in April.

Yakosa and Servex, another Swiss company, are targets of an investigation by Britain's Serious Fraud Office and by accountants Arthur Andersen into the alleged share support

Yesterday Dr Rechsteiner confirmed that Yakosa had held shares in MCC at one

He also said that he had

been approached by ArthurAn-dersen, the accountants, which have been appointed administrators of the Maxwell private-companies under UK insol-

Andersen is trying to trace around 21bn missing from the accounts and pension funds of the late Mr Robert Maxwell's public companies, MCC and

Mirror Group Newspapers.

Andersen believes that \$150m of the £1bn was channelled by Mr Maxwell to off-shore vehicles last year to buy MCC shares.

Speaking from his office in a smart residential district overlooking Zurich, Dr Rechsteiner said that he did not think Yakosa had anything to hide but could not answer questions or indicate if Mr Maxwell was a client without getting approval from the client or an order from the Swiss authoritles to waive the lawyer-client

He added, however, that he wanted to be helpful as he thought "what had happened" since Mr Maxwell's death was terrible. He said that he has

told Arthur Anderson that as

told Arthur Anderson that as soon as lawyer-client privilege is lifted, he is prepared to co-operate fully.

Yakosa, registered in Chur, Switzerland, and Servex AG, registered in Zug, are believed to have bought 20.25m shares to have bought 20-25m shares in MCC in the last week of

During March and April the MCC share price rocketed from

150p to 240p.

Mr Maxwell needed to support the MCC share price because more than £300m of borrowings by his private com-panies were secured on MCC shares, and as the MCC share price fell, banks demanded more collateral.

However, if the shares were being bought by vehicles con-nected to Mr Maxwell, the trades should have been made public, under the UK Companies Act. It is also illegal for public companies to assist in the purchase of their own

shares without obtaining shareholder approval. The mechanism of the April purchases is still under investi-gation by the Serious Fraud

Office. Although stock market trade in MCC shares was typically low and patchy during the early weeks of April the volume surged to peaks of around 7m shares a day, and daily turnover of 3m to 4m was

Goldman Sachs was the City's biggest market maker -or wholesaler - of MCC shares for the past two years. During April and August of 1991, Gold-man Sachs sold shares to investors introduced to it by Mr Maxwell. Andersen has established that the shares ended up in offshore vehicles in Liechtenstein and Panama, which it now believes to be

controlled by Mr Maxwell. Goldman asked Mr Maxwell for an assurance that the investors were not connected to him. He gave this assurance. Goldman received similar assurances, in writing, from

Goldman has since become concerned that it could have

Possible bay-out, Page 16

Italy finds \$8.2bn in aid for state groups

By Robert Graham in Rome

THE ITALIAN government yesterday approved L10,000bn (\$8.2bn) in much-needed funds for IRI, the state holding company, and Efim, the state

industrial holding.

The money will be made available under a complex formula intended to circumvent a supreme court block on the funds, and to satisfy the European Commission, which has been subjecting state aid to Italian industry to growing

IRI has debts exceeding L55,000bn and has had no significant fresh injection of funds since 1989. Efim has debts of L7,000bn and has been nearly bankrupted by supporting its lossmaking aluminium

Last February, the govern-ment agreed to cover up to 4 per cent annual interest and guarantee loans and bonds on maturities of up to 12 years. The amount covered totalled L10,000bn for the two organisa tions. This was blocked by the public audit office, an action subsequently supported by the supreme court which ruled that, since government financial planning was on a three-year programme, it was uncon-

for future administrations beyond this period. The new formula envisages three cash injections of L400bn, L400bn and L1,200bn covering 1991-93, plus a guarantee to cover up to 4 per cent of inter-

est on credits and bonds dur-

stitutional to create obligations

ing this period. According to an IRI spokesman, this will be regarded as the equivalent of the state, as shareholder, injecting fresh funds, even though IRI remains in the anomalous position of being a holding with no formal capital, merely an endowment fund. On the basis of these cash

On the basis of these cash injections, IRI would be able to raise up to L8,450hn between 1991 and 1993; Efim would be able to borrow up to L1,550bn. IRI plans to invest some L70,000bn in its various holdings over the next four years, and maintains that it has only received L2.58bn in direct state

These funds are needed to develop advanced sectors such as telecommunications. How-

ever, substantial investment is also needed to restructure traditional industries, such as steel (due to absorb L3,000bn), shipbuilding and defence, in addition to heavy ongoing continuing commitments, such as that to like RAI, the state-run

At the same time, IRI is gear-ing up to meet the government's demands to raise LI5,000bn this year from priva-tisation. Privatisation measures, including the right for the private sector to own majority stakes in state compa-nies, are a key element of reve-nne raising in the 1982 budget. However, political disagreements are still bolding up final approval of the form privatisa-tion will take.

Court may be split over Papandreou verdict

By Kerin Hope in Athens

MILITARY helicopters hovered adultArt mencopiers novered over the Greek supreme court last night as 13 senior judges considered their verdict at the end of the trial of Mr Andreas Papandreou, the socialist former prime minister, who was charged with corruption.

Mr Vassilis Kokkinos, the court president, was due to announce the decision yester-

Making a brief statement after nine hours of delibera-tions, he said the court was not ready to issue a verdict but would do so before the night

Legal analysts speculated that the court was still divided over a breach of trust charge against Mr Papandreou, linked with the deposit of billions of drachmas by state-controlled corporations in the Bank of

Interest on the deposits was allegedly skimmed off by the bank's owner, Mr George Kos-kotas. A crowd of socialist supporters, some waving pictures of Mr Papandreou, shouted "Not guilty" and "Hands off Andreas" outside the court. Inside, Mr George Petsos, a for-mer industry minister and co-defendant, paced the corridors with his lawyer, a glass of whisky in his hand.

Mr Papandreou, who refused to appear in court during 10 months of hearings, awaited the verdict at his suburban home, together with senior members of his Panhellenic

Socialist Movement (Pasok).
The third defendant, Mr Dimitris Tsovolas, a forme finance minister, took refuge in the Pasok offices in central Athens, together with his wife and daughter, after saying he would resist arrest if found

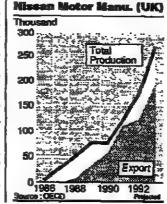
Nissan to lift output

Continued from Page 1

comes on stream, the number of parts suppliers will grow from 179 to 195;most of the extra suppliers also British. Of the £200m spending total, some £150m is being invested some £150m is being invested in expanding NMUK's own facilities. The remaining £50m is being spent on expanding body pressing capacity at Missan Yamato Engineering, an 30 per cent Nissan-owned joint venture adjoining the assembly operations. With little left of the UK machine tool insurtry, the lion's share of its try, the lion's share of its plant and equipment spending is expected to go to overseas

suppliers.

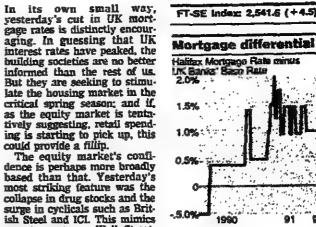
The extra workers will bring the labour force at Sunderland to 4,600.



mortgages FT-SE Index: 2,541.6 (+4.5)

THE LEX COLUMN

The lure of cheap



ish Steel and ICI. This mimics recent events on Wall Street, where defensive stars of 1991 auch as Merck and Coca Cola have been savaged while cyclicals like steel have soared. As a measure of US belief in recovery, this is a healthy sign. In the UK, it may be more a matter of picking high yielders on the grounds that their dividends are not so vulnerable after all. But that too represents confidence of sorts.

sents confidence of sorts.

The fall in UK drug stocks

Glaxo alone accounted for 10 points off the FT-SE yesterday

- is simpler. As in the US, the sector benefited hugely last

year at the expense of the

cyclicals. But in the UK the

effect was much more exaggerated in both directions, so that

yesterday's 10 per cent rise in British Steel and 5 per cent fall in Giaxo does little to close the

gap. In addition, it looks as if UK drug stocks have been sup-ported lately by US buying; and if US investors have fallen

out of love with Merck, there is

the less reason for them to sup-

the mortgage rate cut, the lack of movement in the house-

builders yesterday suggests

that the market is not expect-

ing too much. Coming after the suspension of stamp duty and the attempts to stem the flow

of repossessions before Christ-mas, a half-point cut is not to

be sniffed at. But the housing

market is locked in an unpred

edented state of depression,

real interest rates remain high

without the compensating

widened its margins signifi-cantly in the last couple of years, and is therefore in a

As for the direct effects of

port Glazo.

.5.0%

1990 strong position if the battle for market share intensifies. Bar-clays' announcement yesterday of a new capped mortgage could be a sign of things to come. It could also be a reason for not getting carried away with hank shares, whatever their yield attractions.

UK unemployment

Yesterday's unemployment figures are perhaps of more political than economic significance. The seasonally adjusted increase of 31,100 in December might be taken as further evidence that the feared double though it took the national rate of unemployment to 9 per cent. But it is instructive to look at regional variations. More than half the monthly rise was in south-east England where the concentration of marginal constituencies makes the government particularly vulnerable. By contrast, unem-ployment in the north-west, where there is another less publicised group of marginal conservative seats, is barely

It would be tempting to conclude that this is simply a case of swings and roundabouts, were it not for the fact that the north-west still has one of the highest rates of unemployment in the country. Small wonder that the employment minister preferred to focus on the rease in job vacancies.

prospect of capital gains, and the approaching election is still a barrier to confidence. German regulation The Bonn Finance Ministry was surely right to assert yesterday that Germany's regional Abbey National's initiative may nevertheless have impor-tant consequences for its competitors, not least the already struggling wholesale lenders which rely for funds on the money market. Abbey has also stock markets can compete internationally only if they are

regulated from the centre. The

requirements of the European

single market and the need to

attract capital to finance unifi-cation both mean that the out-

side world can no longer be ignored. Whatever happens to the detail of yesterday's relens the details, the power of the Lander is waning inexambly. More important, the same could also be true for the

The ministry may not have The ministry may not have offered much to satisfy international investors over the flagrant if perfectly legal discrimination against minority shareholders in cases such as the Krupp takeover of Hosseh. But it is proposing a tighter and nuch more interventionist regulatory regime than that operated by the Länder, who have allowed the banks considerable leeway in setting standards of market practice.

dards of market practice.
Worse still for the banks is
the proposed creation of money market funds, long opposed by the Bundesbank on the grounds that it would weaken lts control over the money sup-ply. The banks' concern is more pressic but gonetheless real. They fear it would push up the cost of their liabilities in a market where they are already having to cope with the new attractions of comme-

The unflattering reason for the 5 per cent surge in TSB ahares yesterday was that its \$47m pre-tax loss could have been worse. That is scarcely grounds for the market to revise its view about the bank's long-term future. Admittedly, the retail bank has had a good year, as has the insurance business. But much of this must be due to a squeeze on costs which may not have much further to run. while there must also be a limit on how much insurance the bank can sell to its existing customers. As for Hill Samuel, the loan book may now have been cleaned up at the expense of £432m in provisions. But its profit before provisions was only £13m, hardly an appetis-ing return on £750m of capital. In the current year the bank

should have no difficulty returning to profit, if only because the provisions should shrink. The dividend payment should be easily covered. which may justify the decision to dip into reserves this time. The more difficult question is where growth is coming from once the bad debts are out of the way. For a bank as well capitalised as TSB, the natural answer might be through acquisition. It would take astonishing courage to revert to a route which has proved so disastrous in the past.

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Friday January 17 1992

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11 (1000 Sep)

Contrast In US banking results

Bank of America reported annual net profits of more than \$1bn for the third year running, while Security Pacific expects to report a \$400m fourth quarter deficit that will result in a full year loss of \$765m. The two banks are planning a \$4.2bn merger — the biggest in US filstory — but the figures suggest that the deal is in many respects a rescue of the latter by Sank of America: Page 17

Stemens profits rise 6%

onement, me German electrical and electronics group, yesterday reported a 5 per cent rise in first-quarter net profits to DM398m (\$249m) and said samings for the financial year to September 39, 1992; would be around DM2bn. Page 18 Siemens, the German electrical and electron-

MZ shoop set for Saudi Arabia



New Zealand appears poised to increase its profitable live sheep trade with Saudi Arabia following successful talks on health regulations with the Saudi government. New Zealand sent 1.4m live sheep to Saudi Arabia last year and exports are likely to increase this year.

Page 22

A trio of high-filers

Over the past five months Euro Disney's shares have outperformed the French market by about 20 per cent. Investors might also want to look at PolyGram, the London-based music company whose shares are traded in Amsterdam and New York. The proposed acquisition of Wagons-Lits, the Belgian tourism and travel group, by the Franch hotel group Accor, may lead to a substantial restructuring. Mike Ska pinker looks at all three. Back Page

Treuhand to sell refinery

The Treuhand German privatisation agency, is to sell east Germany's Minol filling station company and the Leuna refinery to a French-German consortium of Elf-Aquitains, Thyssen and SB Kauf. The consortium plans to invest DM5bn (\$3bn) to build Europe's most modern refinery at Leuna. Page 16

Amedia present on Perrier bid tisty's Agnetil family ourse under pressure to latinch a direct bid for Perrier, the French mineral water group, when the stock exchange euthorities refused exemption from the obliga-

TVS offers studio stake

TVS Entertainment, the UK television company, has reached a conditional agreement to sell its 80 per cent interest in the Los Angeles-based CBS/MTM studios to the Walt Disney company for \$27m in cesh, Page 20

Market Statistics

Base lending rates	
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London tradel options London tradel options Managed fund service Money markets New Int, bond Issues World commodity prices World stock sold limites UK dividends announced

Companies in this issue

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Alcele	16	J.C. Penney
Alcos of Australia	17	Lockers
Angio American	17	MCC
Bank of America	17	Markheath
Bout Stearres	16	Microgen
Bicotan		Norbain Electronics
Blecia Lateure	20	Northern Industrial
Bristol-Myers Soutbb	17	. Olivetti
Bonnings	17	Outokumpu
Caroleo	17	PWS
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Chavvron	17	Philips
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Deservo	16	Security Pacific
Devenport Vernon	21	Selective Assets
Digital Equipment	16	Sembawang Shipyard
Elf-Aquitaine:	16	Slemens
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OTHE FINANCIAL TIMES LIMITED 1992 Swiss companies bought Maxwell shares

By Bronwen Maddox, Ian Rodger and Robert Pestor

INVESTIGATORS believe that vital information on Mr Robert Maxwell's alleged illegal attempts to support the Maxwell Communication Corporation share price in held by The Western 20m and 25m MCC at one point. He also said that he had been approached by Arthur Abelieves that £150m of the £15m was channelled by Mr Maxwell to offshore vehicles in the Swiss authorities to waive the swiss authorities to waive the swiss approached by Arthur Abelieves that £150m of the £15m was channelled by Mr Maxwell to offshore vehicles in the Swiss authorities to waive the is held by Dr Werner Rechsteiner, a Zurich-based lawyer, who is administrative president of a secretive Swiss holding company. The Financial Times has established that this company, Yakosa Finanzierungs, is one of two

Servez, another Swiss company, are targets of an investigation by the Serious Fraud Office and by

accountants Arthur Andersen Yesterday Dr Rechsteiner con-

cent of a Hammer Horror film

The horrors were provided by the bank's results for the year to

31 October. TSB has the dubious

honour of being the first big UK bank to make significant losses in a full year accounting period because of problems in its domestic market. Hitherto, the banking

sector's losses have stemmed from ill-judged loans to less

The story which Mr McCrick-ard unfolded was a version of Jekyll and Hyda. The attractive

former merchant bank which is now responsible for all of TSB's

Hill Samuel was forced to

make a charge - or provision - of £432m to cover the risk of

losses on its loans of 24.8bn. The ratio of this charge to the loans is 9 per cent, which is high.

If the English clearing banks suffered losses on that scale, they would soon be out of business.

But TSR hes significantly more

But TSB has significantly more capital than its rivals — as a proportion of assets, almost twice as much — so it can absorb relatively higher losses.

Further analysis of the results

provides even greater cause for concern about the quality of Hill

"non-performing".
Mr Dolf Mootham, the finance

director who is soon to retire, said: "When an account is wob-bly, we classify a loan as non-per-forming and stop taking interest

developed countries.

which has been appointed admin-istrator of the Maxwell private companies under UK insolvency

Andersen is trying to trace into the alleged share support about £1bn missing from the accounts and pension funds of the late Mr Robert Maxwell's

Andersen believes that 2150m of the £15n was channelled by Mr Maxwell to offshore vehicles in the spring and summer of 1991 to buy MCC shares.

Speaking from his office in a smart residential district over-looking Zurich, Dr Rechsteiner said he did not think Yakosa had anything to hide but could not

Fresh horrors on the high street

Robert Peston looks at the impact of Hill Samuel's full-year losses of £409m on TSB

the Swiss authorities to waive the lawyer-client privilege. He added however that he wanted to be helpful as he thought "what had happened" since Mr Maxwell's death was terrible. He said that he has told Arthur Anderson that as soon as lawyer-client privilege is lifted,

he is prepared to co-operate fully. Yakosa, registered in Chur, Switzerland, and Servex AG, reg-istered in Zug, are believed to have bought 20m-25m shares in MCC in the last week of April ~ immediately after MCC's profit warning on April 24 and just ahead of the publication of the prospectus for the MGN flotation. During March and April, MCC

TSB losses hit £47m on Hill Samuel

debt charge By Robert Peston in London

TSB Group yesterday announced TSB Group yesterday announced a 247m (\$82.7m) loss for the year to October 31, foreshadowing a soile of results from UK banks which are likely to show their worst domestic performance since they started to disclose figures almost 20 mans ago. ures almost 20 years ago. Sir Nicholas Goodison, TSB

chairman, said that "the economy has been the roughest in living memory for the banks". TSB's poor result stems from a charge of £654m, which it has made to cover the risk of losses on bad and doubtful debts. In 1996, TSB made a pre-tax profit of £312m.

face of TSB, its retail services division – providing insurance and banking products to individ-uals – made a profit before tax and central costs of 2413m However, the peak of TSB's lower was in the first six months of 1981 when it made an overall loss of 2150m, mainly because of (\$726m), a rise of 17 per cent. However, this contribution was almost exactly matched by the £408m loss of Hill Samuel, the disastrous figures from Hill Sam-uel, its corporate banking divi-sion. The group returned to profit of £108m in the second half.

für Nicholas also disclosed that the group has recruited a new finance director, Mr John Burns, finance director of National Westminster Bank, to replace Mr Dolf Mootham. Mr Don McCrickard, TSB chief

executive, said that last April Mr Mootham had told the board be wanted to retire. In September, after talking to the Bank of Rogland, Mr McCrickard came to an arrangement with Mr Tom Frost, NatWest's chief executive, that Mr Burns would move across, but that he would not join until NatWest had found a replacement. NatWest said yes-terday that it has appointed Mr Richard Goeliz, currently executive vice-president of Seagram, the North Atturiess drinks com-

In spits of the losses, TSB is holding its dividend at 8.4p. It made a per share loss of 3.5p, compared with the previous year's earnings of 13.4p. Its share price rose from 120p to

on McCrickard, chief executive of TSB Group, held court yesterday in a dark and gloomy neo-Gothic hall in the City of London, reministent of Henry Henry Lordon, reministent of Henry Henry Lordon in the City of London, reministent of Henry H Hugh Freedberg, executive of Hill Samue chief (**TSB Group** Hill Samuel Bank Pre-tax profit/loss Bad debt charge Bad debt charge £275.5m E4(20, 1m) na. £155.0m 252m ESTIM £25m £261m £40m £157m 2432m

> made no provisions against these loans of doubtful quality.
>
> Mr McCrickard stressed that HILL Samuel was involved in very few of the higgest corporate col-lapses of the past year. It did make provisions of more than 250m to cover the risk of losses on around 2100m of loans to Brent Walker, the troubled lei-sure group, whose balance sheet is being reconstructed.

Year and 31% Oct

is being reconstructed.
But Hill Samuel's exposure to concern about the quality of Hill the late Mr Robert Maxwell's prise classified £880m of loans as Communication Corporation which are in administration under UK insolvency legislation - is "de minimis", he added. Two years ago, Hill Samuel had more than £80m of loans to these Maxwell interests, but this has on the loss through our profit and loss account — though the borrower may in fact still be paying interest."

However, Hill Samuel has been done by its loss to small

and medium-size businesses. The total provision can be analysed as follows:

● £129m is the aggregate of individual charges of less than £1m; ● £150m represents individual charges to 70 companies of between £1m and £5m; • £153m is the sum of charges, each in excess of £5m, to 14 com-panies.

Because so many of Hill Samuel's corporate customers are in difficulties, it is little wonder that Sir Nicholas Goodison, TSB's chairman, said that the current recession has been the worst ever for the UK banks. However, TSB cannot simply blame economic conditions, It must bear much of the responsibility for the scale of the losses. In the 18 months after it bought Hill Samuel in November rapid rate by normal banking standards. It is not at all surpris-ing therefore that there was a deterioration in the standards used to assess potential borrow-

Mr McCrickard blamed Hill Samuel's previous management, which has now been replaced. "The old management... could not cope with the bigger busi-ness." However, as a senior direc-tor of TSB at the time, Mr McCrickard must take some of the responsibility for allowing the rapid loan growth and for approving some of the bigger

Mins. Hill Samuel can at least take some comfort from the bad debt trend during the year. It made the bulk of its provisions in the first half and made a pre-tax loss In the 18 months after it bought Hill Samuel in November 1987, it expanded its loan book by \$23bn or 66 per cant, which is a Samuel, said that there had been

which borrowers have been get ting into difficulty since the end

of the year.

If TSB's attempt to become a bank for companies has been little short of disastrous, its core activity, which serves 7m personal customers through 1,400 branches, has been modernised successfully, having been created out of a series of dowdy regional savings banks.

It has the most successful life

insurance operation of any bank, as measured by the rate at which it sells policies to its own customers. According to its market research, TSB is responsible for 40 per cent of all its customers' purchases of life insurance and is now the UK's sixth-biggest life

and pensions company.

Its insurance operations made a profit before tax and central costs of Ell&m, a rise of 19 per cent on an annualised basis. Meanwhile, TSB's retail bank contributed profits of £295m, up 13 per cent. Petar Ellwood, the chief execu-

tive of the insurance and retail services, has over the past two years reversed a worrying trend of rising costs. In 1991, there was no increase in the retail bank's staff costs. Total overheads rose

s a result, the retail s a result, the retail bank's ratio of costs to income - a key measure of its efficiency - fell from 85.8 per cent at the end of last year to 59.4 per cent.

However, Mr Ellwood admitted that the scope for further reduction in costs is limited. He added that 1992 was solve to be "a

that 1992 was going to be "a tough year".
The group return to profit in 1992, the directors all concur. Outside analysts expect around £200m before tax. though Hill Samuel will probably

remain in losses. Sir Nicholas stresses "manage-ment's confidence" in Hill Samuel's firture. He will know - from any of Hammer's great B-Movie shockers - that his own livelibood is at stake if the ghoul is

Property problems increase losses at NatWest Bancorp

NATIONAL Westminster Bancorp, the wholly-owned US subsidiary of Britain's National Westminster Bank, yesterday revealed a \$371.5m loss for 1991,

percented a \$371.5m loss for 1991, up from \$352m in 1990.

The 1991 loss, struck after \$567.7m of loan write-offs and \$689.5m of bad debt provisions, was in large part the result of property problems caused by Nat-West's high lending to New York developers in the late 1980s.

Mr John Tugwell, the NatWest
main board member who took
charge of the New York subsidiary last April in the wake of huge property loan losses, yester-day said the fourth-quarter loss of \$29.8m was significantly lower than losses earlier in the year. He said the US bank is now trading

profitably and will be in the black in its first quarter. He also noted that operating expenses last year were only alightly higher (\$790.8m compared with \$746m) and the \$88m bad debt provisions in the fourth bad debt provisions in the fourth quarter were below the \$292.6m of the last quarter of 1990.

Mr Tugwell acknowledged that the \$359.5m of cumulative losses since 1989 were high. But he argued that "the pain has been taken and there is a silver liming

in that all thoses losses are tax credits which will mean we won't pay any tax for some time". NatWest injected \$450m into its troubled US operation last year as loan loss problems mounted. Mr Tugwell stressed that non-per-forming loans at year-end

performing. About 50 per cent of the non-performing loans is in property. This means some 30.6 per cent of NatWest Bancorp's total property loan book of \$1.8bn is now non-performing.

Mr Tugwell stressed that the

totalled \$1.15bn, down from \$1.3bn at the end of last September. That means 8.16 per cent of the bank's total loan book is non-

bank's core capital-to-assets ratio of 6.33 per cent is strong com-pared with most US banks and claimed the ability to improve operating profits while absorbing the impact of property problems shows the bank's strength. Net interest income in 1991 was \$706.8m, down from \$737.5m in 1990. Non-interest income rose to

Nokia appoints new president

By Robert Taylor in Stockholm

NOKIA, the leading Finnish technology group, has appointed Mr Jorma Ollila, the 41-year-old head of the company's mobile phones division, as president, to

be effective immediately.

He will also become chief executive and chairman on June 1 this year when Mr Simo Vuorilehto, aged 61, retires from those positions. By combining the two senior positions, Nokia will ensure Mr Ollila becomes a powerful head of the company.

Mr Ollila, who has run Nokia's

mobile phone division for the past two years, is seen as a sur-prising choice. The decision has precipitated the resignation of 42-year-old Mr Kalle Isokallio, who as the company's chief operating officer and president since January 1990 had been widely tipped to take the

However, the board has been impressed by Mr Ollila's ability in transforming the performance

of Nokia's mobile phones divi-sion, which accounts for about 17 per cent of company sales. The division has turned into the one positive business area for Nokia, which will make a financial loss

this year. While other divisions saw declining sales in the first eight months, mobile phones enjoyed 20 per cent growth and a 50 per cent expansion in output.
When Mr Ollila was put in charge of the mobile phones busi-

ness in February 1990, it was making an operating loss but in his first year he increased Nok-ia's net mobile phone sales by 33 per cent to FM2.3bn (\$537.8m) and expanded its production capacity by 65 per cent from its Early last year Nokia acquired Technophone of the UK for £34m

(\$59.9m) in a deal which turned

Nokia into the world's second-largest cellular telephone manufactorer after Motorola of the US.

Last summer, Mr Ollila reached a FM400m agreement with Microtel Communications of the UK to supply infrastructure and hand-portable telephones for a personal communications network in Britain.

Nokia's new president has only been with the company since 1985 when appointed vice-presioperations and then spent three years as the company's finance officer.

Before joining Nokia he was employed by Citibank as an account manager in London for with economics degrees from the London School of Economics and

Helsinki University. His financing and marketing expertise, combined with his proven track record with mobile phones, convinced the board that he is the one who will revive the This announcement appears as a matter of record only

Lire 280,000,000,000 Leveraged Buy-out

of the Instrumentation Laboratory group from The Henley Group, Inc. by I.L. Holding SpA (a company formed by CH Werfen, S.A. and institutional investors)

Citicorp Venture Capital Limited structured and arranged the Institutional Equity for this transaction

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Siemens ahead 6% in first quarter

SIEMENS, the German electrical and electronics group, yesterday reported a 6 per cent rise in first-quarter net profits to DM398m (\$249m) and indicated that earnings for the year ending September 1992 would be around DM2bn.
It said profits on industrial activities would improve this year after a 20 per cent fall in 1990-91, mainly caused by heavy losses on computers through its acquisition of

through its acquisition of Nixdorf and on semi-conduc-Siemens' profits growth last year stemmed from the dou-bling of its financial income to around DM2bn, Mr Karl-

Minol sold to

By Leslie Colltt in Berlin

THE Treuhand German privatisation agency, in one of its biggest deals, is to sell east-ern Germany's Minol filling

station company and the

Leuna refinery to a French-

Aquitaine, Thyssen and SB

The consortium plans to invest DM5bn (\$3.1bn) to build

Europe's most modern refinery at Leuna with a capacity of between 10m and 12.5m tons as

well as a new pipeline linking it to a Baltic port. It will also modernise Minol's more than

Elf, France's largest com-

pany and partly state-owned, is

to take a majority stake in both Minol and the refinery.

British Petroleum, heading a consortium of Total, Statoll, Agip and OMV, was the other main bilder.

Mr Wolf Schöde, the Treu-

hand spokesman, halled the

decision as a milestone toward rescuing the antiquated east

German chemicals industry.

The Treuhand's managing

board is expected to approve

the recommendation, and a

final contract is to be signed

next June.
Mr Schöde said the sale

would save more than 7,000

jobs in the east German chemi-

cals industry by making the loss-making Leuna chemical

site attractive for western

The winning consortium

agreed to provide the Leuna

chemical plant with competi-tively-priced feedstock and to

accept as partners in the refi-nery other investors in the petro-chemicals site.

Originally, the Treuhand wanted to sell Minol, which is highly profitable, individually,

but then decided to add it as a

weetener to the obsolescent

Minol is to be kept as an

independent brand and is also to be introduced into west Ger-

many. The German Cartel

Office approved the sale on

condition that a fixed number

of Minol's filling stations be

sold to medium-sized opera-

tors. The present Leuna refi-

nery, with a capacity of 7m

the chemicals plant which had

sales of DM2.1bn last year and

loss-making Leuna refinery.

900 filling stations.

consortium

Hermann Baumann, the finance director, said this mainly comprised interest on its large cash and securities holdings, with Siemens also benefiting from lower writedowns to reflect the value of its DM15bn of securities.

This year, Mr Baumann expected financial profits to decline slightly. Last year's jump propelled group pre-tax profits 21 per cent ahead to DM3.4bn. Because of higher taxes, net profits were only 7 per cent higher at DM1.8bn. Computer activities produced a net loss of DM781m, which Siemens expects to be reduced sharply this year. It is also

striving to reduce the much increased semi-conductor losses of some DM500m.

Last year's net profit was a return on turnover of 2.5 per cent, and Mr Heinrich von Pierer, deputy chief executive and chief executive-designate. said Siemens hoped to maintain the rate of return in

This yield would produce net profits of about DM2bn, based on his forecast that turnover should rise by 10 per cent to just over DM80bn. He also expected new orders to grow by 5 per cent to DM88bn as by 5 per cent to DM86bn, a sharp slowdown from last

The consolidation of new businesses accounted for 9 per cent of the inflow, the rest mainly reflecting heavy demand for infrastructure-related products in the energy, transport, and telecommunica-tions fields. New orders in east Germany totalled DM3.3bn.

In the first quarter of this year, the new order inflow eased by 1 per cent to DM20.1bn, with a 4 per cent rise at home and a 5 per cent all unroad. Mr von Pierer said the economic slowdown in important markets such as the US and parts of western Europe would be reflected in the order books.

Fisons comes in for criticism from FDA

By Daniel Green in London FISONS' most promising product has been strongly criticised by US Food and Drug Administration (FDA), casting a shadow over the prospects for profits growth at the UK

drug company.

The FDA controls which products are sold in the \$60bn-a-year US drugs market.

Documents released under the Preedom of Information Act show that UK production of Tilade, an asthma drug whose sales were once forecast by analysts to reach £500m (\$895m) a year by 1992, has been breaking US regulatory

The FDA said that Tilade's The FDA said that Tilade's production methods "do not conform to NDAs (new drug application regulations)". It criticised the leakage of Tilade dispensers, and that its testing during production was not

accurate enough.

The report also listed made quacies in quality control with another asthma drug, Intal, as well as Opticrom, an eye treat-ment, and Imferon, an iron

Fisons said yesterday:

"Tilade production issues
raised by the FDA have been
answered satisfactorily." It
hopes to get US approval
within months.

Tilade is intended to replace

Intal, another asthma drug which has been the mainstay of Fisons' profits growth since

However, Tilsde has failed to secure US approval despite statements from Fisons several times over the past 18 months that approval was imminent. Tilade is available in several

countries, including the UK, but revenues in 1992 will probahly be less than £50m.

In addition, the FDA has told Fisous that it might be breaking US law if the drug were shipped to the US without changing the production

A warning also came after an inspection at the same UKplant, in Holmes Chapel,

Cheshire, in 1990. The criticisms of Tilade pro duction have come to light just two days after the resignation of Mr John Kerridge, Fisons' long-standing chairman and chief executive, on grounds of III-health. His sickness had probably

been exacerbated by controversy surrounding the company over the last four rick Egan, his temporary replacement at Fisons. Fisons' shares have lost a third of their value since the summer, and the company

ssued a profits warning in Mr Egan said this week that Fisons had been "naive" and had possibly indulged in "wishful thinking" over the

Mr Kerridge said in Septem-ber 1990 Tilade approval in the US was "in the very final phase". In March 1991, he said that approval was "just around the corner".

Alcatel to stop producing fax machines

and move to selling other pro-ducers' equipment under its own label.

nurturing a domestic fax-mak-ing industry, embodied in an unsuccessful 1979 plan to promote a cheap machine.

It comes in response to fall-

ing to 27.8 per cent — a total of 62,000 units — counting in machines made by Alcatel for sale under other suppliers labels, such as France Télé-com, the telecommunications operator.

operator.

Fax machine production will be moved gradually over to other producers, led by Hewlett-Packard, the US computer group, and Sagem, a French telecommunications equipment producer, who will make machines to Alcatel's specifications and under its label.

SNCF, the French state railway, expects profits in 1991 to

Digital Equipment's \$130m loss heavier than market expected

DIGITAL Equipment, the computer manufacturer, has incurred a larger-than-expected second-quarter loss and is to accelerate plans to consolidate operations and cut its work-Net losses for the quarter

were \$138m, or \$1.11 a share, against net income of \$111m, or 92 cents, in last year's second

Analysts had expected losses of between 30 cents and 60

Revenues for the quarter rose slightly to \$3.48bn, from \$3.35bn a year ago.
Digital's stock plunged on the results to trade at \$53% in mid-session, down from \$59 overright. overnight.
"In a competitive world

where most customers are cut-ting back on capital expendi-tures, we did not see any growth in product sales and we had to adjust pricing," said Mr Kenneth Olsen, Digital presi-

Equipment sales were flat, although the software and ser-vices business continued to

grow, he said.

Digital had forecast an operating loss for the quarter, saying last mouth that recessions in the US and Europe had hit sales of its highest performance computers particularly

For the fiscal year ended last June, Digital reported its first annual loss of \$617m after tak-

THE DRAMATIC improvement in Wall Street's fortunes in the

has year was reflected yester-day in the latest figures from Bear Stearns, the New York securities house, which

announced a 400 per cent increase in fiscal second quar-ter profits to \$77.4m, writes

Patrick Harverson in New

CONTINENTAL BANK, the Chicago-based group which had to be rescued by federal authorities eight years ago, yesterday reported a \$76m loss for 1991 despite a return to the black in the fourth quarter of the year. Net broome for the

provisions were \$222m higher in 1991, at \$340m. In the fourth quarter, these provisions amounted to \$30m, down from \$48m in the last quarter of 1990. Net loan write-offs in the whole of 1991 totalled \$223m, compared with \$87m in

force from around 10,000 in 1987 to just over 5,000. The bank has focused increasingly

JC Penney to

By Nikki Telt in New York

J. C. Penney, the Dallas-based

The charge covers items ranging from a \$200m write-down on Penney's property portfolio to a non-cean charge

The company, which made after-tax profits of \$227m in the first rules months of the year, a drop of almost 39 per cent, saw its share move \$% higher to

required by a change in US accounting standards. A further \$200m stems from the declins in property values. The value of the portfolio after the write-down is some \$3.4bn.

Significant declines in the real estate mericet nationwide and the unlikelihood that there will be a return to formerly high values have prompted us to re-evaluate our retail estate portfolio," said Mr William Howell, Penney's chairman. The rest of the charge stems from cost-cutting measures, said to save \$160m a year before tax, goodwill write offs

and bowing out of some "experimental" businesses. Penney said it had been hit by weak consumer spending, pressure on margins and declining sales on a same num-

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Perrier pressure on Agnellis

Franco-German By William Dawkins in Paris

ITALY'S Agnelli family and Saint-Louis, a paper yesterday came under pressure to launch a direct bid for Pertogether held 49.32 per yesterday came under pressure to launch a direct bid for Perrier, the French mineral water group, when the stock exchange authorities refused exemption from the obligation to launch an offer.

lfint, an Agnelli holding company, last month launched a FFr5.6hn (\$1.03bn) offer for Exor, the holding company which controls Perrier. The Exor offer has been cleared by the stock exchange and expires

on January 24. Having to bid for Perrier as well would be a costly setback, though officials pointed out yesterday that the various stock exchange authorities involved have not come to a final decision. Exor and its allies, Société cent of Perrier's voting shares since Saint Louis earlier this month bought a 13.8 per centstake in the mineral water

them from the obligation to bid for Perrier on the grounds that it had already been controlled by Exor for several years. However, the CBV refused their request on the grounds that it did not have enough information on the conditions under which Saint Louis

bought a stake in Perrier, a

transaction which is now being

examined by the Commission

Bourses de Valeurs (CBV), the regulatory authority, to release

₹ The Agnellis' advisers are understood to believe it is unlikely that Exor will in the end be forced to make a full

(COB), the stock market watch-

The Saint Louis deal tight-ened the Agnellis' control over the mineral water group, inci-dentally staving off a planned counter-bid from Nestlé, the Swiss food multinational. The CBV said it could not could not give exemption "without knowing whether the normal market rules were allowed to come into play," during the Saint Louis purchase of Perrier

A COB spokeswoman could not comment on the precise subject of the inquiry, which she said would be completed as

Uni-Storebrand in NKr1bn charge

Générale, the privatised bank des Operations de Bourse

By Karen Foseli in Oslo

UNI STOREBRAND, Norway's largest insurance group, will suffer large share portfolio losses and take other non-related charges against 1991 accounts totalling more than NKr1bn (\$156m).

The company said that by the end of 1991 its share portfolic had run up losses of NKr940m following negative developments on the Oelo bourse in the third quarter.

Uni Storebrand also said a NKr150m charge is to be made section; 1001 exceptions and the context of the conte

against 1991 accounts to cover losses on motor underwriting. In 1990, Uni Storebrand made

a net profit of NKr403m and suffered a loss on its share portfolio of NKr373m. Last autumn, the group paid NKr4.2bn to acquire a 25 per cent stake in Skandia, Sweden's biggest insurer.

The company stressed that a large part of its share portfolio

losses are due to its position as a leading shareholder in loss-making Den norske Bank (DnB) and Christiania Bank,

Norway's two biggest banks.
They were rescued from solvency last autumn by the state which injected NKr11.6bn into the banking system.

"These shareholdings reduced investment income in 1991 by around NKr230m in the group's non-life company and by NKr320m in the life assurance company," Uni Store-

brand explained. Christiania Bank, Norway's second biggest bank, was taken over by the state last October, after which the bank was forced to write down its shares

Uni Storebrand held 3m shares in Christiania Bank and 2.5m in DnB, which holdings have since been slightly reduced.

IRI poised to take over state's ASST

By Haig Simonian in Milan

IRL the Italian state hol company, was yesterday poised to gain parliamentary approval to take over ASST, the govern-ment department which runs Italy's trunk inter-urban phone service and some international

The reform follows the government's recent approval for a new "price cap" structure for SIP. Italy's main telephone utility, which is part of the IRI group. The "price cap" will allow SIP to raise call charges and equipment rentals auto-

matically each year, subject to certain performance criteria. Together, the two steps should enable SIP, which reported a 54 per cent rise in last year's first-half operating profits to L604.5bm (\$506m), to raise earnings further.

Yesterday's parliamentary debate marks a major step in the realignment of Italian telecommunications. Under the new law, ASST is likely to be transfered to STET, the IRIowned holding company which controls much of the country's

telecommunications services In time, the functions of

The new law also provides guarantees for ASST's 18,000

ASST, which is currently part of the post ministry, will be handed over to SIP. The division of responsibilities between the two, and internal rivalries, have been among the biggest handicaps to a more efficient telephone service in Italy.

workers, who will theoretically lose their jobs-for-life guaran-tee as civil servants should they accept the transfer to IRL

Adidas chief executive to quit at end of the year

By Andrew Fisher

MR René Jäggi, who became chief executive of Adidas, the German sports shoe and clothing equipment group, four years ago, has decided not to stay on when his contract expires at the end of this

He gave personal reasons for the decision, which comes as the company – controlled by Mr Bernard Taple, the French financier - is earning increased profits. Yesterday, it reported a 3 per cent rise in sales to DM3.4bn (\$2.1bn) last

Total brand sales, including licence revenues, were DM4.7bn; in 1990, the figure was DM4.8bn, but the Le Coq Sportif, Arena, and Pony brands, which accounted for

DM330m, have since been sold. Mr Hans Friderichs, the head of Adidas's supervisory board, regretted Mr Jäggi's decision to leave. Under Mr Jäggi's direction, he said, "the group has been put back on track and in the last two years the company again earned profits".

Since Mr Taple and Mr Jäggi both have strong personalities, it is thought there may have been differences of opinion over the running of the comemployees to be offered a stake in Adidas.

The company gave no profit indications, but has forecast that pre-tax income would rise

Safra group net earnings advance 18% to \$85.4m

By Ian Rodger in Zurich

\$4.75 per share.
The group said net interest

deposits rose to \$6.1bn from \$5.7bn and client portfolio assets jumped to \$2.2bn from \$1.5bn. The group operates banks active in international

private and commercial banking under the Republic National name in Geneva, Luxembourg, France, Guernsey and Gibraltar.

from \$7.7m in the previous year. Loans represent 14.5 per cent of total assets, with the remainder invested primarily in deposits with leading inter rated bonds. Non-performing oans were \$15.3m at the year

pared with \$58.44 a year ear-lier. Shareholders' equity rose to \$1.09bn from \$1.04bn, with approximately \$10m of the increase arising from the currency gain on the increase in the value of the company's Swiss franc net investment in Republic National Bank of

income from principal trading was also significantly higher compared to a year ago. Profits from trading mortgag-backed securities, Treasuries, corporate bonds and securities in the high-yield and bankruptcy sectors more than dou-bled to \$238m. Commission fees were also up, rising 34 per cent to \$55m on the back of increased inves-tor confidence in financial mar-

kets and strong results from

Bear Steams' customer clear-

quarter, climbing from \$221m a year ago to \$348m, due primar-ily to a big increase in perfor-

mance-related employee com-pensation and benefits.

Expenses also rose in the

fixed-income issues, reported a 330 per cent increase in profits to \$98m.

Renneth Diseas We had

ing heavy restructuring

charges to cover the cost of thousands of layoffs.

efforts to restore profitability, through cost-containment mea-

sures and by seeking new opportunities for revenue

growth by expanding markets and distribution channels, said

Digital had announced plans to cut its workforce by 10,000

this year, but may now make deeper cuts. It employs about 119,500 worldwids.

For the half-year, the net loss was \$109.7m, or 88 cents,

against net income of \$137.3m.

or \$1.12, a year earlier. Revenues were \$6.8bn against

Digital is to accelerate

to adjust pricing

The huge rise in quarterly profits, esumed on revenues of \$479m, up from \$247m in the second quarter of 1990, was achieved on the back of buoyant equity markets and intense activity in the corporate stock and bond issue business.

The most impressive performance came from Bear Stearns' investment banking division, which, thanks to a sharp jump in earnings from the underwriting of equity and

General Motors to pull out of car production in Korea

Bear Stearns surges 400%

By Kevin Done, Motor industry Correspondent

GENERAL Motors of the US, the world's biggest vehiclemaker, is planning to with-draw from car production in South Korea with the sale of its 50 per cent stake in the troubled Dacwoo Motor.

troubled Decwoo Motor.

GM said yesterday it was "exploring the possibility" of selling its stake to the Decwoo Group, holder of the remaining equity in Daewoo Motor.

The disposal is a severe setback to GM's plans for expansion in the Asia-Pacific region. South Korea is expected to be one of the world's fastest-growing car markets in the growing car markets in the 1990s, but GM has decided to pull out of car-making in the country in the face of its pro-

longed conflict with the Daswoo Group over the manage-ment of Daewoo Motor. GM said it would maintain its presence in Korea through a number of automotive components joint ventures, which

would also continue to supply Daewoo Motor.
The disposal of the 50 per cent stake in Daewoo Motor was subject to the negotiation of an "acceptable" price and other terms, it said.

Barlier this week, GM announced that it had agreed to enter its first vehicle production venture in China, where is it planning to assemble light commercial vehicles.

Beginning

Monday, January 20, 1992

In the Wee Hours

of the Morning

In Over 1400

Continental Bank in red after good quarter By Alan Friedman in New York

the year. Net income for the whole of 1990 was \$75m.

The bank's \$50m net profit in the last quarter came after \$126m of losses in the first nine months. Mr Tom Theobald, the last quarter called the last quarter was a likely the last quarter of t theirman, called the last quar-ter result "a promising finish to a year in which we com-pleted our restructuring". Continental said its bad debt

Non-performing loans at year-end increased by 7 per cent on the 12-month period to \$733m, but they were 19 per cent down on the September 30 level. At year-end, non-per-forming loans represented 5.28 per cent of Continental's total

loan book. Continental has cut its work

report deficit for the year

J. C. Penney, the Dallas-Gased department and drugstore group which ranks fourth largest retailer in the US, announced yesterday it would report fourth-quarter and full-year losses in the 12 months to January 25 after taking a one-off \$555m charge before tax.

The charge covers items

for future post-retirement healthcare costs.

\$54% on the news.
The largest element in the aggregate charge, \$300m, covers the provision for future

by around 50 per cent to DM60m, with a further gain in **Sherwood Securities** ing prices and margins and intense Japanese competition, said the group, which added that it would continue to be "on the offensive" as a distribwill be Making Markets Alcatel's own machines last NASDAQ International Stocks.

> At 3:30 A.M. Will You Know Where Your Traders Are?



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Kredistbank Lucembourg Luxembourg, January 17, 1992 BARINGS B.V. US\$ 150,000,000 **Guaranteed Floating Rate Capital Notes due 2001** Barings plc

NOTICE TO THE HOLDERS OF

State Bank of South Australia

YEN 4.800,000,000

Yen/Australian Dollar Payable Guzranteed Notes due 1993

(issued in two tranches)

unconditionally guaranteed by

The Tressurer of the State of South Australia

In accordance with the Terms and Conditions of the above-

mentioned Notes, notice is hereby given that the State Bank of South Australia has elected to exercise its Australian Dollar

Option as defined in Condition 5 of the Terms and Conditions of

the Notes (• the Option•) to both Tranche A and Tranche B Notes

Consequently, all payments falling due on the Notes on or efter

In accordance with clause (C)(2) of Condition 3, the rate of interest

be 20 per cent, per annum calculated on the respective Austra-

Iran Dollar Redemption Amount (as defined in Condition 6),

and the Redempton Amount payable on the redempton of each Note will be A\$ 84,746.00 per

Tranche A Note and A\$ 83,195.00 per Tranche B Note.

26th January, 1992 will be made in Australian Dollars.

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from January 17, 1992 to July 17, 1992, the Notes will carry an interest rate of 5%

The interest payable on the relevant interest payment date, July 17, 1992 against coupon No. 13 will be US\$ 252.78 per Note of US\$ 10,000.

Kredietbank

GROUP net earnings of Safra Republic Holdings, the holding company for the European pri-vate banking group headed by Mr Edmond Safra, jumped 18 per cent last year to \$84.5m, or

income rose 19 per cent to \$149.8m due to improved mar-gins and growth in interest-earning assets. Foreign exchange revenues and commission income also advanced.
Total assets at December 31 were \$9.1bn, compared with \$8.2bn a year earlier. Client

Provisions for loan losses more than doubled to \$19m

Book value per share stood at \$61.77 at December 31, com-

By William Dawkins

ALCATEL, the leading French telecommunications equipment group, is to stop making its own facsimile machines within the next six months

The move, by France's largest producer of fax machines, marks the inal abandousent of the government's hopes for

year accounted for 18.6 per cent of the French market, ris-

between break-even and 1990's

way, expects profits in 1991 to be stable compared with 1990 on a slightly higher turnover of about FFr53.5bn (\$9.92bn), Reuter reports from Paris.
A spokesman said the profit figure had not been determined, but that it would be

INTERNATIONAL COMPANIES AND FINANCE

Carolco reprieved by finance deal worth \$55m

By Alan Friedman

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CAROLCO Pictures, the troubled independent Hollywood film studio, said yesterday it had secured \$45m of financing and a deferral on \$10m of debts from US and foreign lenders. The funds will allow it carolco, best known for

Terminator 2, the Arnold Schwarzenegger blockbuster, is caught in a financial squeeze along with other independent along with other independent film companies: Orion Picture, the bigger independent, recently filled for protection from creditors under Chapter 11 of US bankruptcy law.

Caroleo's problems have been mounting since last summer. In November it ended to the since at according a 45

talks aimed at acquiring a 48 per cent shareholding in Live knostainment, a home video supplier majority-controlled by Carolco. In December, Carolco cut its staff of 200 by 25 per

For much of last year the company was in technical default on \$172m of bank loans. in the third quarter it suffered s \$43.7m loss. At the yearend, Mr Peter Hoffman, chief execu-tive, said he would leave the company following what ana-lysts described as internal

lysts described as internal management conflicts.

The \$45m financial package was approved by Carolco's foreign minority shareholders—Fioneer of Japan, Bizzoli of Staly and Canal Plus of France. It consists of a \$32m lnan secured on Carolco's 53 per cent stake in Live Emertainment plus a new issue of \$18m ment, plus a new issue of \$18m of preferred stock convertible into common shares. The foreign shareholders have agreed to defer receipt of \$10m of payments are med in them. ments owed to them. Carolco's share price rose 8% to \$2% in early trading.

Wesfarmers' **Bunnings** offer 'unacceptable'

By Kevin Brown in Sydney

WESVARMERS, the Western Australian farming and com-modities group, is trying to gain control of the Bunnings timber, hardware and metal products company at an imac-ceptably low price". Mr Bolph Zhik, Bunnings' chairman, said

Westermers announced a A\$3.55 (US\$2.61) a share hostile old for Bunnings on Janu following indications that BTR of the UK was seeking to dispose of its 24.8 per cent stake.

BTR acquired the shares as a result of its recent \$1.5bn (US\$2.68bn) takeover of Hawker Sidnelsy, the UK engimeeting group.

Westurners says the A\$168m

bid represents a fair price for Bunnings, in which if has a 19.9 per cent

However, Mr Zink said a committee of directors formed to consider the offer believed the bid price was not related to the underlying value of Bun-nings' assets.

U.S. \$50,000,000 Hyosung (America), Inc. (Incorporated with Limited Liability In the State of New York, U.S.A.) Quaranteed Floating Rate

For the three month interest Period 16th January, 1992 to 16th April, 1992 the Notes will carry an interest rate of 4% per cent per armum; with a Coupon Amount of U.S. \$60,35 per U.S. \$50,000. Note, payable on 16th April, 1992.

KDW Auto Limited Hong Kang

Expected losses at Secpac cast new light on merger

FOURTH-QUARTER figures from Bank of America and Security Pacific yesterday underscored the degree to which the planned \$4.2bm merger of the two California banks — the higgest in US history - is in many respects a rescue of the latter by Bank

While the San Francisco-based Bank of America reported annual net profits of more than \$1bn for the third year running, the Los Angeles-based Security Pacific said that it expected to report a \$400m fourth-quarter deficit that would result in a loss for the year of \$755m. that would result in a loss for the year of \$765m.

Security Pacific, which began selling off many of its non-US holdings even before the merger was announced last summer, achieved a \$161.3m lest profit in 1990.

The bank said its fourth-quarter results would

fourth-quarter results would include \$780m of bad debt provisions - \$180m more than the anticipated fourth-quarter

Secpac's fourth quarter would include a \$65m writedown of the bank's investment in Hoare Govett. the UK broker.

This reflected a decision to sell the business rather than pursue a partial management buy-out of Hoare Govett, the

bank said.

Mr Robert Smith, Secpac's chairman, said the results "continue to reflect adverse economic conditions in the principal markets we serve, as well as further strengthening of the reserve for credit osses". Mr Smith said he had been

advised by Bank of America that the fourth-quarter losses and loan provisions at Secpac "do not alter BankAmerica's assessment of the overall benefits of the planned merger. He said both companies were proceeding with regulatory filings needed to consummate the merger, which was expected to go shead in the next couple of

Bank of America, which said earlier this week it would increase the amount of deposits to be divested upon impletion of the merger from \$4bn to \$7bn, has separately indicated it would create a "bad bank" consisting of problem assets of up to

Chevron

plan cuts

2,500 jobs

CHEVRON, the fourth biggest

US oil and gas company, is to cut its workforce by 2,500 peo-ple, about 5 per cent, and

charge as part of a restructur

Mr Ken Derr, Chevron's chairman, sald 590 of the 2,500 jobs being eliminated related

jobs being eliminated related to the company's relinery in Port Arthur, Texas. The refinery represents about 20 per cent of Chewron's total petroleum refining capacity and its partial or fell closure has been under review for some time.

Mr Derr said the company would focus on reducing open-

Mr Derr said the company would focus on reducing oper-sting costs. He added that low natural gas prices, poor refin-ing margins, the recession and reduced demand for petroleum products had humpered thes-ron's financial results.

He said a final decision on Port Arthur would be made

later this year. Among the options is a complete shut down except for chemicals

manufacturing — this would cut about 1,600 jobs. At a min-imum the refinery will cut capacity by a third to 200,000 barrels a day.

The other 2,000 Chevron jobs will be eliminated by way of voluntary early retirement, organisational changes and

Mr Derr said that \$185m of

the \$270m after-tax charges would relate to Port Arthur. If

the refinery were shut down
Cheyvon would incur an additional from charge.

Mr Derr aunounced plans to
accelerate Cheyron's programme to sell off more of its

non-strategic US oil and gas fields. He said new US environ-

mental regulations contained in the Clean Air Act would lead to costs of more than \$35m over the next five

years at Chevron's eight US

In the third quarter of 1991

In the third quarter of 1991 Chevron's net profit fell by 23 per cent to \$313m.

• Deliveries of petroleum products in the US — an important measure of demand — declined by 3 per cent in 1991, according to the American Petroleum Institute (API). The industry association said oil's share of domestic US energy consumption fell to

energy consumption fell to less than 41 per cont in 1991, the lowest level in 40 years.

INTEL, the leading maker of

computer Microprocessor

chips, reported strong fourth-quarter results, bringing reve-mes and earnings for the year

to record lavels and well above

analysis' projections. Dr Andrew Grove, president

and chief executive, said:

"1991 was an emperanding year for Intel." Revenues for the

Record Intel

results beat

predictions

By Louise Kehoe

restructure

Bank of America said its fourth-quarter net income was 1930, whichly below its 1930 in the same period of 1930. Net earnings for the whole of 1931 were \$1.12bm, compared to \$1.11bm of 1930.

Non-interest income rose by 18 per cent to \$553m in the fourth quarter, while net losn losses were \$279m in the quarter, more than double the \$132m in the same quarter of

Bank of America said its

Total bad debt provisions for 1991 were \$805m, compared with \$905m in 1990. On Wall Street, Bank of America's share price was unchanged at \$11% before the close, while Security Pacific's was \$% lower at \$24%.

\$132m in the same quarter of

Bristol-Myers earnings rise 18%

ings.
Net income for the fourth quarter ended December 31 advanced about 20 per cent to 550m or 95 cents a share for 425.5m or 81 cents a year ear-Her. Sales in the three months grew 7 per cent to \$2.94hn from \$2.74hn. Pre-tax earnings advanced 16 per cent to \$703.7m from \$807.1m in the 1990 courter.

1990 quarter.
For the full year, Bristol-Myers Squibb had net earnings

BRISTOL-Myers Squibb, one of the world's biggest drugs companies, yesterday turned in an 18 per cent rise in 1991 earnings;

of \$2.06bn or \$3.95 a share, companied with \$1.75hn or \$3.33 in 1990. Sales rose 8 per cent to \$11.16bn from \$10.3bn. Pre-tax earnings grew 14 per cent to \$10.05bn.

\$2.85hn from \$2.52hn.
The results met most analysts' expectations, but its shares fell \$2% to \$82% yestershares lett \$2% to \$02% yesterday morning.

On Wall Street, investors have started shifting funds away from the pharmaceutical sector in the past week as they search for better returns and stock in the hig pharmaceutical compenies has come under selling pressure.

During 1991, Bristol-Myers sales were led by the US, where they rose 10 per cent while international sales grew 6 per cent. Mr Richard Gelb, chairman and chief executive, said almost all of the company's businesses posted improved sales, excluding discontinued operations. Consumer products was the only business protect to above business sector to show a docline to sales.

The company last week said it would cut the prices of drugs it sold to Federal programmes for veterans, the military and the Public Health Service.

Philips to close US chip factory

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group and the world's ninth biggest semiconductor maker, announced yesterday that it planned to close down a 25-year-old semiconductor factory near Salt Lake City, Utah by the end of 1982.

Production of semiconductors built at the Orem site will be transferred to other facto-ries in the US, Europe or the Asia Pacific area. The move is part of Philips' efforts to subance efficiency in its global sudocuductor business. Signa-tics, Philips' US chip subsid-iary, has manufacturing facili-ties in New Mexico and

California.

Philips said the closure was a matter of streamlining operations and was not a response to market conditions. It will earmark an unspecified sum for transferring,

retraining and finding jobs for the factory's 900 employees. Signatics has a global work-force of about 6,000 people. Mr James Dykes, president of Signatics, said the Utah fac-tory, which makes chips on three and four-inch wafers rather than on the more advanced six-inch variety, "has been a workhorse for many years, but by today's standards is an almost outdated facility".

Anglo American mines earn more

By Phillip Gawith in Johannesburg

COST containment and forward selling helped the gold mines in the Anglo American group, the world's largest gold producer, record a 18 per cent increase in distributable profits to B183.8m (\$65.6m) in the December quarter.

The rise in profits came despite sections labour unrest during November at the President Stayn mine in the Free State.

Mr Lionel Hewitt, managing director of the gold and ura-nium division, said the bottom-

By Kevin Brown in Sydney

ALCOA of Australia, the aluminium, alumina and gold producer, yesterday reported a 51 per cent drop in net profits

to A\$381m (US\$282m) for the year to the end of December. It said the fall was caused by lower prices for alumina, alu-minium ingots and gold,

higher raw material costs, and the introduction of corporate

taxation on gold mining

in the final quarter, when net

Much of the decline occurred

group's Free State operations, had been about R7m.

Production during the quarter dropped to 27,513kg from 28,186kg, but the mine was able to increase distributable profits by 6.4 per cent to R73.2m.

Vual faces had a successful quarter, with distributable profits up by 29.6 per cent to R64.4m. Gold production was virtually unchanged at

virtually unchanged at 18,445kg, but total working costs declined by 6 per cent to

R426.3m. Western Deep Levels failed line cost to Freegold, the to repeat the exceptional per-umbrella company for the formance of the September

Alcoa tumbles 51% to A\$381m

profits fell to A\$77.8m, compared with A\$188.5m the previous year. Sales for the year fell by 16 per cent to A\$2.5m.

The company said its alumina and aluminium facilities

operated at record levels throughout the year. However, gold production fell from 183,000 tonnes to 167,000 tonnes, partly because of lower

recovery grades.

The directors said the result

was "satisfactory" considering the difficult market conditions.

quarter, with distributable quarter, with distributable profit dropping to R25.6m from R32.2m. It was hit by a drop in gold production, to 10,061kg from 10,404kg, unit working costs rising by 3 per cent to R24.245 per kg, and a slightly lower gold price

Of the other mines, Elandsrand had a good quarter, lifting gold production by 6.3 per cent to 2,857kg. Distributable profit nearly doubled to R12.2m. Ergo, the dump treat-ment operation, lifted distributable profit 67 per cent to R7m.

year rose by 22 per cent to \$4.78bn, up from \$3.92bn in 1890. Net income was \$819m, or \$3.92 a share, compared with 4550m, or 13.10.
Fourth-quarter results were strong, with revenue of \$1.21bu, up 15 per cent from \$1.05bu for the same period in

1990.
Net income of \$189m, or 90 cents a share, increased from \$184m, or 80 cents, for the fourth quarter of 1990. Wall Street analysis had forecast However, they warned the cur-rent year would be "challeng-ing" as market conditions confourth-quarter earnings of about 84 cents a share. Alcoa is 51 per cent owned by the Alumina Company of Intel's success, in spite of a decline in semiconductor sales America and 49 per cent by Western Mining Corporation,

stems from the popularity of its microprocessor products. Its 486 and 386 microprocessors form the brains of most the Australian resources The directors earlier declared a fully-franked final dividend of 24.1 cents a share, For the first time, Intel's equivalent to a return of ARROWN to shareholders. international business in 1991 ancested its US business.

> Appointments Advertising

Wednesday & Thursday

Friday (in the international edition only)

DISSOLUTION AND LIQUIDATION OF BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI) S.A.

25, boulevard Royal in Luxembourg

By an Order of 3 January 1992, the District Court of and in Luxembourg sitting in commercial matters has ordered the dissolution and liquidation of the company BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI) S.A., with head offices in Luxembourg, 25, boulevard Roy. I. The Court appointed Mrs Maryse WELTER, Vice-President of the District Court of Luxembourg, as supervising judge and the following as liquidators:

- ☐ Brian SMOUHA, chartered accountant, London
- Georges BADEN, attorney at-law, Luxembourg
- Julien RODEN, attorney at-law, Luxembourg

The Order provides that the Bank may review commitments from 5 January 1991, which is six months prior to the date of the application to Court for the controlled administration. During the next three months the liquidators will be contacting creditors requesting them to file their proof of claim on a standard form by 30 June 1992.

The Order provides furthermore that the supervising Judge will appoint within a month from the date of the Order a Committee of five creditors to be designated among the main unsecured creditors, domiciled in the Grand-Duchy or outside the Grand-Duchy

> The Liquidators: Brian Smouha

Georges Baden

Julien Roden

Extraordinary General Meeting of Securitas AB in Sweden

As previously ennounced, Securities AB has concluded agreements regarding the purchase of the security services companies Protectas (operating in Germany, Austria, Switzerland and France) and Esabe (operating in Spain). Securities AB foresees future development, both through growth within the present companies of the group and through acquilations in the future. In order to strengthen the capital base of Securities, the Company's Board of Directors proposes a new issue of 5,000,000 series B shares. The shareholders of Securities AB are tereby invited to attend the Extraordinary General Meeting to be hald on Monday 3rd February, 1982, at 10 a.m. at Salénhuest, Norriendsgassn 15, Stockholm, Sweden.

In order to take part in the Extraordinary General Meeting, shareholders must be registered in the Shareholder's Register makingined by the Swedish Securities Register Centre (Vardepopperscentraten VPC AB, "VPC"), not later than Friday 24th January 1992. Further, notification of intended participation in the Extraordinary General Meeting has to be given to the Company either by mail, addressed to Securities AB, Box 12307, S-102 28 Stockholm, Sweden, or by telephone, by calling 08-657 70 00, not later than Thursday 30th January, 1992, at

The notification shell contain the name, address and personal identity number of the shareholder and information regarding the registered shareholding. Shareholders who have placed the shares in trust with a bank's trust department or a common stockbroker must temporately re-register the shares in their own names in the shareholders' register maintained by VPC to allow them to perticipate in the Meeting. Such re-registration must be made not later than Friday 24th January, 1992, and shareholders must in due time prior to the above date notify the bank or stockbroker of the shareholder's wish to re-register the shares

1. Election of a Chairman to preside at the meeting

2. Preparation and approval of a voling list.

5. The proposal by the Board of Directors to remove the foreign ownership prohibition clause (5.15) in the Company's Articles of Association, as well as aditorial amendments related thereto. The removal of the aforementioned clause - which is subject to the approval by the Swedish government - results in all shares

8. The proposal by the Board of Directors that the Board be authorised, until the next Annual General Meeting, to decide upon a new issue of a maximum of 5,000,000 shares of series B. Such issue - which would involve the waiver of the preferential subscription right of the existing shareholders - shall be directed to primarily international investors and to Swedish investors. Such authorisation may, within the stated limitations, be

Upon a decision to make such a new issue being taken, the subscription price of the now shares would be set at a level closely related to the quoted price for the Company's shares of series B on the Stockholm Stock Exchange at the time of such issue. The Board of Directors has the Intention to propose that the new issued shares shall be entitled to dividends decided by the Annual General Meeting as from the financial

The ressons for waiving the preferential subscription rights of the existing shareholders are to increase the number of international investors in the company in view of the increasing international nature of the Company's commercial activities and the current high level of demand for the Company's shares from international investors and to increase the liquidity of shares in the Company.

Documentation containing tuli details of the proposal by the Board of Directors regarding the change of the Articles of Association and the authorisation as well as statements pursuant to Chapter 4, paragraph 4 of the Swedish Companies Act will be made available to the shareholders at the Head Office of the Company from Monday, 27th January, 1962, and will, upon request, be sent to shareholders who state their postal address.

Stockholm, January 1982 The Source of Securities AS

Mobile Communications

Mobile Communications, the twice-monthly newsletter published by the Financial Times, is the perfect solution to your information problems. Mobile Communications provides accurate, searching reports on the key mobile events in the UK and around the world. Combined with its own in-depth research and providing a level of

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ALBERT FISHER FINANCE N.V. NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of ALBERT PISHER FINANCE N.V. ("the Company") will be held at 15 Pietermani, Curaçao, at 10:00cm local time on January 24, 1992. Charged, at resonant rocal mate on jaminty 24, 1792.

The meeting is being called to present and adopt the balance sheet and the profit and less account for the seventeen month period ended 31 August 1991 and to conduct certain other routine business.

The agenda of the meeting is deposited for the sisurabolders for inspection at the office of the company at 15 Platarmant, Caragan.

By Order of The Board of Managing Direction

U.S. \$100,000,000

SANWA INTERNATIONAL FINANCE

THE SANWA BANK, LIMITED

Notice is hereby given that the Rate of Interest has been fixed at 4.4125% p.s. and that the interest payable on the relevant Interest Payment Date, July 17, 1992, against Coupon No. 9 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$2,230.76.

January 17, 1992, London
By Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANC

£350,000,000 HALIFAX BUILDING SOCIETY

15th April 1982 pm £10,073.00 Nom £55,609.09 Nom £1.338.47 U.S.\$125,000,000

Alaska Housing Finance Corporation Floating Rate Notes Due July 2001

DAEWOO CORPORATION

U.S.\$ 150,000,000

with Warrante

NOTICE OF SUBSCRIPTION PRICE

ADJUSTMENT

Notice is hereby given to the warrantholders of Daewoo

Corporation that in accordance with the terms of the Instrument dated 9th December, 1991, the subscription price was decreased

from Korean Won 17,860 to Korean Won 17,850 per share effective 23rd December, 1991. This adjustment had resulted

DAEWOO CORPORATION

Votice is hereby given that the Rate of Interest has been fixed at 4.4125% p.a. and that the Interest payable for the current interest period January 17, 1992 to July 17, 1992 on the relevant nterest Payment Date July 17, 1992, in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$223.08.

January 17, 1992, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANG Banco de la Provincia de Buenos Aires

US\$46,700,000 Par floating rate notes due US\$42,150,000

Discount floating rate notes due 2003 For the period 15 January, 1992

to 15 July, 1992 the notes will bear unimus as follows: Par Notes 3.003% per annum, Interest payable on 15 July, 1992

US\$75.91 per US\$5,000 Note US\$151.82 per US\$10.000 Note US\$1,518.18 per US\$100,000 Note Discount Notes 5.005% per annum. Interest payable on 15 July, 1992 will amount to: LIS\$126.52 per LIS\$5,000 Note US\$253.03 per US\$10,000 Note

US\$2,530.31 per US\$100,000 Note Agent: Morgan Guaranty

Trust Company **JPMorgan**

analysis you simply cannot get anywhere else.

Guaranteed Floating Rate Notes due 1993

Floating Runs Notes 1985 10,75% Tith Jensey 1982 Film April 1982 interpt Perfect

NEW WITS LIMITED

(Incorporated in the Republic of South Affice) (Registration No. 05/04822/05)								
INTERIM REPORT								
CONSOLIDATED INCOME STATEMENT "Six months" "Six months" Year								
	ended	ended	ended					
31 0	1991	1990	30 Juna 1991					
	R'000	F7000	F7000					
Revenue Income from investments Surplus on realisation of	9,747	9,117	18,096					
Inventments	1,343	13,352	14.459					
Interest and sundry revenue		22,634	32747					
	10,995	2750	4,127					
Administration	741	783	1,388					
Exploration	(4)	1,223	1,352					
Interest	539_	744	1,409					
Profit before tes	9,718	19,884	28,620 28					
Profit after tex	9,718	19.854	28,592					
Earnings per share - cents	32	85	93					
Dividends - per share - cents	17	17 5208	52 15.930					
absorbing – FT000times covered	5,208	38	1.5					
CONSCLUDA	TED BALAN	CESHEET						
	At ecomber 3	*At	AL 30 June					
310	1991	1990	1991					
	F77000	R1000	R'000					
Investments Properties and ventures	181,418	180,075	179,539 135					
Net current leabilities	10,302	11,335	12,933					
Current assets	3,548	4,261 15,596	3,745					
Laws current liabilities	13,650	10,000	16,678					
	171,251	168,875	166,741					
Share capital	88,425	88,584	88,425					
Reserves	02,826	80,291	78,316					
	171,291	168,875	166,741					
nyminienis								
- Excess over book value	406,025 225,933	366,099 187,350	430,426 252,215					
- Book value	184,092	178,749	178213					
Unlisted - Book value Number of shares in issue	1,338	1,326	1,326					
unchanged at 90,635,201								
Not used (as valued)		1040						

Unaudited

per share - cents

1 Dividend A final dividend No. 81 of 35 cents per share, in respect of the year ended 30 June 1991, absorbing R10,722,000, was declared on 6 August 1991 and paid on 25 September 1991.

2 Prospects Profits during the remainder of the financial year remain dependent on the gold price received by those gold mining companies which term a substantial portion of this Company's investments.

DECLARATION OF INTERIM DIVIDEND Dividend No. 82 of 17 cents per share has been declared in South African

currency, payable to members registered at the close of business on 31 January 1992. 31 January, 1992.

Warrarts payable on 26 February 1992 will be possed on 25 February 1992.

Standard conditions relating to the payment of dividends are obtainable from the share transfer offices and the London Office of the Company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the Company on or before 31 January 1992 in accordance with the above-mentioned conditions.

soruary 1992, inclus On behalf of the Board, A. J. Wright (Chairman) M. R. Fuller-Good Directors

Registered and Head Office Gold Fields Building, Johannesburg 2001.

London Office Greencost House, Francis Street, London SW1P 1DH United Kingdom Registrers, Berdeys Registrers, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 47U

1.452

16 January, 1992

A MEMBER OF THE GOLD FELDS GROUP

Morgan Grenfell Investments N.V.

US\$50,000,000 Floating rate notes due 1994 Payment of principal and interes

Morgan Grenfell Group PLC

In accordance with the provisions of the notes, notice is hereby given that for the Interest period from 17 January, 1992 to 17 July, 1992 the rate of The interest payable on the relevant interest payment date, 17 July, 1992 will be US\$126.39 for each US\$5,000 principal

Agent: Morgan Guaranty Trust Company

JPMorgan

BRADFORD &BINGLEY

£200,000,000 Floating rate notes due 1999

Notice is hereby given that the notes will bear interest at 10 1/2% per annum from 15 January, 1992 to 15 April, 1992. Interest payable on 15 April, 1992 will amount to \$267,28 per \$10,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

US\$100,000,000 Floating rate subordinated notes due July 1997

Wells Fargo & Company

rovisions of the notes, notice is hereby given that for the Interest Period 17 January, 1992 to 17 April, 1992 the notes will carry an Interest Rate of 4% oper annum. Interest payable on the relevant interes payment date 17 April, 1992 will amount to US\$115.33 per US\$10,000 note and US\$576.65 per US\$50,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

HMC Mortgage Notes 3 PLC £150,000,000

Cless A £11,500,000 Chess D

JP Morgan

Monagoga Backeri Floreing Ress. Notes Doe July 2015 For the interest period 15 January, 1992 to 15 April, 1992 the Close A Notes will bear interest at 11.0125% per auston. Interest payable on 15 April, 1992 will amount to £2738.08

The Class & Name will have inco] | "fulfs per comms. Interest payo on IS April, 1992 will amount to £341,527.70 per £11,500,000 Agent: Morgen Goz Company

ECU

Johannesburg 17 January 1992

... FTSE 100 ... S & P 500 ... IF YOU HAVE A VIEW, TAKE A POSITION CONTACT: ADRIAN FRANCIS ON 071-245 0088 EÇU FUTURES PLC, 29 CHESHAM PLACE, SWIX SHIL Dealing House From 8.00 am To 9.15 fm

VOGELSTRUISBULT METAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa) (Registration No. 05/04346/06)

PRELIMINARY ANNOUNG	EMENT UP HE	SULIS
	Year ended	Year ended
	31 December 1991	31 December 1990
	F7000	R'000
FROMOGRAM		
income from investments	12,033	15,193
Sale of waste rock		57
Interest and sundry revenue	509	1.496
RIGHTESE OF ICH SCHOOL ACCOUNTS	303	1,430
	12,542	16,746
Expanditure		
Administration	664	684
Profit before tax	11,578	16.062
Tax	15	445
Profit after tax	11,865	15,617
Unappropriated profit, brought forward		235
	12,079	15,852
Less	12,036	15,636
Dividends declared:	11,038	11,036

1,000 4,600 Transfer to general reserve 216 Unappropriated profit, carried forward 43 Earnings per share - cents Dividends per share - canta Times dividends covered 1.1 1.031 Net assets (as valued) per share - cents

Interim 25c (25c)

Final 35c (35c)

4,598 6,438

6.438

DECLARATION OF FINAL DIVIDEND Dividend No. 90 of 35 cents per share in respect of the year ended 31 December 1991 has been declared in South African currency, payable to members registered at the close of business on 31 January 1992. Warrants payable on 26 February 1992 will be posted on 25 February

Standard conditions relating to the payment of dividends are Company

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the Company on or before 31 January 1992 in accordance with the above-mentioned conditions.

The register of members will be closed from 1 to 7 February 1992, inclusiva.

> per pro GOLD FIELDS CORPORATE SERVICES LIMITED. London Secretaries, S. J. Dunning, Secretary.

London Office: United Kingdom Registrar: Greencoat House, Barclays Registrars, Francis Street Bourne House, London SW1P 1DH. 34 Seclenham Road, Becksnhem, Kent BR3 4TU. 16 January 1992

A MEMBER OF THE GOLD FIELDS GROUP

U.S. \$75,000,000

The Bank of New York Overseas Finance N.V. recorporated with limited liability in the Netherlands Antilles Guaranteed Floating Rate Subordinated Notes due Jenuary 1996 melly Guaranteed, on a Subordinated Basis, as to Payment of Principal and interest by

Payment of Principal and Interest by
The Bank of New York Company, Inc.
(Incorporated in New York, USA)
Notice is hereby given that the Rate of Interest has been fixed at 5.25% p.a. and that the Interest payable on the relevant Interest Payment Data, April 21, 1992, against Coupon No. 33 in respect of U.S. \$10,000 nominal of the Notes will be U.S.\$138.54.

January 17, 1992, London By: Chibank, N.A. (CSSI Dept.), Reference Agent CTTBANCO

US\$200,000,000 Guaranteed Floating Rate Notes at the Option of the Holder at par Commercing October 1982. Citicorp Overseas Finance Corporation N.V.

CITICORP •

Notice is hereby given that the Rate of Interest has been fixed at 4.125% and that the interest payable on the relevant interest Payment Date, April 21, 1992 against Coupon No. 48 in respect of US\$10,000 nominal of the Notes will be US\$108.85. January 17, 1992, London By: Cribank, N.A. (CSSI Dept.), Agent Bank CITIBANC

ELANDSRAND GOLD MINING COMPANY LIMITED
Registration No. 74/01477/06 FRIES STATE CONSOLIDATED GOLD MINES LIMITED THE SOUTH AFRICAN LAND & EXPLORATION COMPANY LIMITED

SOUTHVALAL HOLDINGS LIMITED
Registration No. 58/11/05/06 VAAL REEPS EXPLORATION AND MINING COMPANY LIMITED Registration No. 08/17254/08 WESTERN DEEP LEVELS LIMITED Registration No. 57/02349/06

(All of which are incorporated in the Republic of South Africa)

- CLOSING OF REGISTERS -NOTICE IS HEREBY GIVEN that for the purpose of declaration of final dividends for the year ended 31st December 1991 payable to members registered in the books of the abovementioned companies at the close of business on 7th February 1982 the transfer registers will be closed from Saturday 8th February 1992 to Saturday 22nd February 1992, both days inclusive.

By order of the boards

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

UK Transfer Secreta Barclays Registrars Bourne House 34 Backenham Rose London office 40 Holborn Viaduct Reckenham Kem BR3 4TU GGG

INTERNATIONAL CAPITAL MARKETS

Treasuries' slide continues despite encouraging data

THE SLIDE in US Treasury prices continued yesterday morning, despite good news on

By midday, the benchmark 30-year government bond was down if at 104g, yielding 7.612 per cent. The two-year note was also easier, down is at 99%, yielding 5.050 per cent.

The market firmed in early trading, thanks primarily to the Labor Department's report that the consumer price index

The number was in line with market expectations, although a 0.4 per cent gain in energy prices was bigger than fore-cast. Overall, though, the news on prices was good, and should have provided support for the

Bond prices soon turned around, however, partly in response to a 49,000 decline in weekly state unemployment

COVERNMENT BONDS

claims, but mostly because the market does not have the stom-ach, at least for the moment,

■ UE GOVERNMENT bonds rallied strongly on the mort-gage rate cuts and unamploy-ment figures announced yesterday. Much of the gain, however, was wiped out as the US Treasury market's fall pul-

ied gilt prices lower. Trading was mainly futures-driven, with the Liffe gilt futures contract climbing to a high of 97.26 from its opening of 97.08, before settling at 97.14 in the late afternoon. The vol-

THE troubled financial empire controlled until last month by Canada's Belzberg family is

being dismembered, writes Bernard Simon in Toronto.

ance, a subsidiary of Security Life of Boston, is to acquire

First City Trust from Harrows-

ton Corp, previously known as First City Financial. First City Financial was the Belzbergs'

flagship company during their corporate-raiding heyday in the mid-1980s, but control was

recently ceded to a group of

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O The Financial Times Ltd., 1992. Reproduction in whole or in part in any form not perm. Data consider by Impropriated Secretion Market Acceptable.

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BENCHMARK GOVERNMENT BONDS

level at 42,000 contracts. The benchmark 11% per cent gilt due 2003/07 gained nearly half a point at one stage, from its opening level of 115% but fell back to 115% by late after-

The news that Abbey National and Halifax, the two largest UK morteage-lenders were cutting their mortgage rates, and the release of unem-ployment figures which showed a dowdown in the rate of increase, were both seen by the market as positive for the

THE WEAKENING in US Treasury bond prices helped to pull down the European gov-ernment bond markets, whing

out earlier gains.
In Germany, the cash and lutures markers cloud lower.
The Liffle bund futures contract, which opened at 88.38, fell from a high of 88.44 to close at 88.16 on a volume of 46,000 contracts. Traders reported strong demand for five-year

Former Belzberg flagship broken up

Swiss bondbolders as part of a

financial restructuring.

North American will invest

C\$51m (US\$43.9m) in a new

subsidiary, while the Canada Deposit Insurance Corporation

and Quebec Deposit Insurance

Board will take up C\$175m in senior secured debentures.

Under the deel, about C\$100m of First City's debt and pre-

ferred share obligations will be

unit will recupitable First City, which lost Ciliam in the first

FT/ISMA INTERNATIONAL BOND SERVICE

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The new North American

bunds earlier in the day, but said the US Treasury bond market's fail prompted considerable volatility towards the

close of trading. In the French market, gov ernment bonds fell % of a point in futures-dominated trade, wiping out the gains made on Wednesday. The March bond future emded at 108.72, down 36 basis points, on a volume of 139,184 lots.

JAPANESE government bonds ended the day unchanged in Tokyo in dull trading. The yield on the benchmark No 129 issue closed at 5.395 per cent, having traded in a range of 5.385-5.415 per

The Bank of Japan drained funds from the money market yesterday on the first day of the new reserve period for banks. The overnight call money rate inched up to 54 per cent, while three-month certificates of deposit remained at 5.28 per cent, traders said.

nine months of last year,

mainly from lessing and equi-

of C\$3.9bn on June 30 1991, is a mid-sized deposit-taking insti-

tution whose businesses

include mortgages and fidu-

ciary services.

North American, with assets of C\$7tm, is the latest Canadian life insurance company to

expand. It already offers real

estate asset management

investment counseiling and mutual fund services.

THE THEFTER BERNESSER AND THE THE THEFT ATT AT THE

Latest prices at \$10 per on James 7 15

First City Trust, with assets

ties investment.

to license foreign bank branches By Alexander Nicoli,

Vietnam set

Asia Editor

VIETNAM looks set to begin licensing foreign bank branches in a move keenly awaited by banks seeking to take advantage of the coun-try's market-oriented eco-

The State Bank of Vietnam, the communist country's cen-tral bank, has told seven banks they have approval in principle to open branches, according to foreign business sources quoted by Reuter from Hanoi yesterday.

However, it was not clear whether other banks would whether other banks would also be given approval at this stage. At present, foreign banks may only have representative offices, and there is one joint venture with an indone-lim bent.

The seven did not include Sundard Chartered, which has developed a strong profile in Vietnam through an active representative office. Standard Chartered said in London lis office in Be Chi Minh City was being upgraded towards branch status. However, it could not speculate on the pre-cise timing of the award of a

Four French banks with rep-resentative offices in Victoria were reported to be among those given the green light for a branch. They are: Banque Nationale de Paris, Banque Française du Commerce Exter-ieur, Crédit Lyonnais and

The other three - Rangkok Bank, ANZ, and a Taiwanese bank - do not have represen tative offices. Mr Vo Van Klet, Vietnam's prime minister, confirmed during a visit by Mr Anand Panyarachun, the Thai prime minister, that Bangkok Bank would be granted a

The permitted scope of branch activities has yet to be made clear, though foreign made clear, though foreign banks are keen to expand their trade: financing operations. Victuam's banking system is under-developed, and banks including Standard Chartered have been training local banks in skills such as foreign

exchange trading.

In the longer term, Vistnam offers large potential for retail banking as the government seeks to develop the infrastructure of a market economy. Several foreign banks, including some from the US, are believed to be anxious to begin retail business, though in retail bu US banks are currently pre-vented from doing business with Vietnam by a US

Singapore SE to introduce

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option trading

THE STOCK Exchange of Singapore (SES) is to introduce trading of stock options in six local companies by the middle of this year, Reuter reports from Singapore.

Mr George Tso, SES deputy chairman, told a seminar on Asian capital markets that the six — which he did not name — would be among the 32 main board companies traded under a central automated settlement system.

under a central automated set-tlement system.

"Both put and call options will be introduced on six sert-pless equity stocks," he said.

The exchange would also select foreign brokers for SES international membership, which gives wholly foreign-owned securities companies rights to trade directly on the rights to trade directly on the main board, the secondary board and the over the counter market

SES officials said the salections would be made in the first half of this year. Stockbrokers said about a dozen foreign securities houses, mostly from Japan and Europe, were seeking interna-tional membership on the

• Securities companies in South Korea are expected to be allowed to deal in forward foreign exchange contracts on behalf of their clients, Mr Koh Byung-woo, chairman of the Korea Stock Exchange said. He told the seminar Seoul was aware of foreigners' con-cern over the risk of changes in the South Korean curren-cy's strength when they invest in Korean stocks. The Korean stock waster stock market was opened to direct but limited foreign

Shipyard raises new equity of S\$200m

SEMBAWANG Shipyard, the diversified Singapore-based shipping group, has raised more than \$\$200m in new equity by means of the biggest bought deal carried out for a Singapore company. Singapore company, writes and Webb.

8.G. Warburg Securities, the OK. Waining Securities, one UK investment bank, and Phillips Securities, a Singa-pore securities house; bought 27m ahares in Sembawang Shimanal at Sec 21 Shipyard at \$\$8.01 per share and placed them at \$\$8.27.

INTERNATIONAL CAPITAL MARKETS

investors' shift to Europe

By Tracy Corngan

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ice traditi he longer to b TWO NEW bond offerings in Ecu emerged yesterday, reflecting the shift of investor interest from the US to European markets.

Dealers said medium-term

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bonds in D-Marks, French france and the Ecu had been the main beneficiaries of disin-vestment from the US Treaeny market, on expectations first inbrest rates in European markets will move down rather

than in.

There has also been substantial talking of Eurodollar bonds in the secondary market — as investors tried to take profits — as the surplus of dollar. paper now in the primary mar-ket forced spreads to widen.

With substantial amounts of unsold Eurodollar bonds

unsold Eurodollar bonds weighing down under without hooks, spreads on many recent issues widened by about 10 basis points yesterday.

ABB International, the Swiss-Swedish engineering group, and Heleba International Finance, the German bank arm, both launched four-year deals on Wednesday, which widened from 50 to the basis points and from 38 to 52 sis points and from 38 to 52 bads points respectively. A three-year offering for Finnish Export Credit, meanwhile, widened from 48 to 58 basis points above the US Trea-sary yield curve.

ACTURALISM DOLLARS
STATE GOVE FILANCING BY (A)

THE LONDON International * Financial Futures Exchange's (Liffe) Italian Government

Bond (BTP) futures and

options contracts may now be offered or sold to customers located in the US, Life seld.

detelors in Reuter reports.
in State:
The move follows approved the US Securities and

INTERNATIONAL

In the Ecu sector, General Electric Capital and Crédit Local isomehed five-year offer-ings totalling Ecu750m.

The Ecu500m Crédit Local

deal was considered reasonably, but not generously, priced to yield 862 per cent, and met firm demand. But and met firm demand. But General Electric's 8% per cant deal yielding 8.41 was consid-ered over-aggressive.

Dealers said that, although demand for the Ecu was firm, investors are looking for fair value and are still rela-tively cautious, given the recent volatility of market con-

recent volatility of market conditions. However, Swiss Bank Corporation, the lead underwriter of the transaction, said the GEC

name would attract Swiss Elsewhere, Pubco, a UK brewing joint venture, raised a further 325m of 11% per cent debentures due 2006 via Kleinwort Benson. The stock is fungible, bringing the total size of the debenture issue to £87.5

The deal uses a joint-venture structure devised by Klainwort to cut borrowing costs for

NEW INTERNATIONAL BOND ISSUES

1014

irkFrivatin placement, \$Convertible. With equity warrants, \$Floating rate note, †Final terms, a) Non-callable, b) leaved under a \$500m Medium Term Note programme. Non-callable, c) Callable on or other \$771/97 at 100%.

US Commodity Futures Trading Commission.

"We now expect a sizeable demand for BTP futures and

contains for B1P manes and coptions contracts to come from our members' clients located in the US who, up until now, have been restricted from using the contracts," Liffe's chief executive, Michael Jenkins, esid.

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Liffe contract opens to US

small companies: the structure is open-ended so that more bonds can be issued via the joint venture and more companies can join the group with the consent of the existing

Boddington was admitted to the group for this transaction, which now consists of five which now consists of five brewers – the others are Daniel Thwaites, Morland, Greene King, and Shepherd Neame. Of the new stock, £25m of the proceeds will be lent on to Boddington, and £7.5m to Morland.

An earlier transaction for a

group of five investment trust

companies raised 255m, and the technique could be a group of companies with broadly similar credit quality and financing requirements can be assembled.

In the dollar sector, Rurofima issued \$153.5m of underwritten one-year notes under its \$500m medium-term note programme. The underwritten tractions are tracting a publish structure, creating a hybrid between medium-term note and Eurobond, was used under an MTN programme by Swedish Export Credit last

Bydro-Quebec is issuing Silin of 30-year debentures in the US Yankee bond markst, via First Boston.

Volvo finance arm

in BFr2bn offering

VOLVO Group Finance Europe

vol.vo Group Finance Europe is launching a HFrZbn multi-currency commercial paper programms in Belgium, Reuter reports.

Générale Bank, manager of the issue, said the paper would be issued in the form of prom-issory points with a maximum

issory notes with a maximum maturity of one year.

1월/1월 Paribas Capital Mitts. 1월/1월 8명이

2/1¹2 Hambros Bank

Further Ecu issues reflect | Percs re-emerges as Wall Street buzzword

Patrick Harverson looks at the return of an attractively simple stock derivative

HEN US investment bankers gather to discuss perks, the talk is usually of company cars, golf club memberships and "meetings" in Aspen. This past year, however, whenever Wall Street's finest have gathered, the talk is more likely to have been about

"Percs" than about perks.
Preferred equity redemption
cumulative stock (Percs) is currently one of the brightest
stars in the corporate finance firmament. Between June and November last year, a handful of big-name US issuers – including General Motors, RJR Nabisco and K mart – raised more than 55m through Percs. Percs first surfaced in 1989 as a one-off issue for Avon as a the-or issue for Avon Products designed by Morgan Stanley. They then languished for three years, partly because Avon's decision to cut its divi-dend alongside the issue, and

the subsequent failure of a vaguely similar product – Shearson Lehman's unbundled stock units (USUs) - left a bad taste in investors' mouths

chase Percs they are really

OUTSTANDING PERCS (at January 16 1992) Deta Size (\$m) General Motors K mart 16/8/91 Texas Instrument 11/0/91 Broad inc RUR Nablaco 1/11/91 Aon Corp Tenneco 19/12/91

gry GM reopened the file on Percs in the middle of 1991, Morgan Stanley was ready. Once the car-maker's issue was successfully launched, other companies quickly jumped on the Percs bandwagon. Unlike many fancy deriva-tive-based products, the design

of Percs is quite simple. They are sold at the market price of the common stock, and are mandatorily convertible at the end of three years. To attract investors, the issuer offers a higher dividend than is available on the common, but in return places a cap — usually 30 per cent — on the appreciation potential of the Percs. In the past this was known as a "buy-write", and it involved two distinct elements, the stock issue and the call ontion. The great strength of Percs is that they combine the two in one, creating a simpler, more liquid product with which investors feel more com-

buying the common stock from the issuer, and simultaneously selling the issuer a call option on the stock – which is a right

to buy it back at a predeter-mined price.

To the issuer, Percs are attractive in several ways. The company can raise large amounts of money through an equity product without adding new debt to its balance sheet.

The ratings agencies treat them like common stock, and they are a highly liquid finan-

Issuers also stand to benefit if their share price rises above the cap. Once the cap has been passed, when conversion time comes around investors do not receive one common share for each Percs share, but instead get less than one, with the con-version ratio calculated so that mon issued equals the cap. So for every cent or dollar the stock rises above the cap, the Percs issue becomes more cost-effective and less dilutive for the issuer.

Perhaps the biggest attrac-tion of Percs is that they enable issuers to tap a wider audience of potential investors. particularly those which would normally steer clear of issues of common stock because of the poor yields on offer. For investors, the lure of

Percs is also clear. In a low-interest rate environment they offer higher yields than con-ventional forms of stock such as common or convertible pre-ferred, and they offer poten-

tial for capital gains on top. General Motors, for example, issued \$611m of Percs carrying a dividend yield of 8 per cent - the common yielded only 3.9 per cent at the time - and a cap of 30 per cent. Even with a ceiling on capital growth, if the GM share price appreciates over the three-year life of the issue, investors could enjoy an annual percentage return in the high teens.

The downside for the investor comes if the underlying common stock performs badly over the three years. Then, the loss taken on conversion is inadequately compensated by the higher dividend yield offered at

Percs, therefore, should only be for sophisticated investors who understand the relation-ship between the high yield and the equity risk. So far, although there has been some overseas institutions among Percs buyers, most have been from the US, primarily income funds and other institutions in search of high-yielding, rela-

Top Salomon analyst quits for First Boston

By Patrick Harverson

THE WAVE of desections from the equities department of Salomon Brothers, the Wall Street securities house, continred yesterday when Mr Thomas Hanley, the top ranked bank analyst, left the firm to join First Boston.

However, three members of the equity research team reportedly turned down an reportedly turned down an offer from First Boston. The three staying at Salomon are Mr John Leonard — who will head the banking research group — Ms Diane Glossman and Mr Jeffrey Naschek.

Mr Hanley's exit takes the number of departures by assist control of the next serior countries staff in the next. serior equities staff in the past six weeks into double figures. Among those to have left Salomon for other firms are Mr Ralph Fistcher, head of private placements, Mr Lealie Ravitz, a

team, including Mr Chris Mitchinson, head of equity research and strategy. Mr Peter Clarke, head of equity sales and trading in London also resigned yesterday.

The trickle of defections

from the equities business is threatening to turn into a flood because of changes in Salomon's compensation system, which left stock traders and analysts with significantly lower bonuses at the end of

last year.
Mr Hanley's departure yesterday was clouded in mystery.
Rumours circulated that he had been fired because of a news report earlier this week that said he had received an other from First Boston. The loss is a blow to Salomon's equity research team. He was a 20-year Salomon vetsection of Institutional Inves-tors's poll of US brokerage ans-

Vietnam fund cut-off date extended

CREDIT Lyonnals Securities (Asia) has extended the cut-off date for placing its newly-launched Vietnam Growth Fund due to a disappointing take-up, Reuter reports from

Hong Kong. The securities firm said: "It is taking longer to place than we had hoped. The placement period is being extended and the reason for this is the unusual nature of the fund." The new deadline will be April

The closed-end, 25-year fund for direct investment in Vietnam had only raised about \$25m of the targeted \$50m by
the January 14 deadline,
sources familiar with the fund
said, though CLSA declined to
say how much had been raised.
Launched in November, it is the first fund authorised to invest directly in Vietnamese companies and is aimed at institutional investors with a minimum investment of

Robert Fleming plans Czech investment trust

By Sara Webb

merchant banking group, is planning to launch a \$100m Czechoslovakia investment European Bank for Reconstruc-tion and Development (EBRD). The Czechoslovakia Investment Corporation will be the first closed-end mutual fund open to foreign institutions, and will invest entirely in Czechoslovak companies or

commercial ventures, according to Robert Fleming.
The EBRD has agreed to be a leading shareholder in the investment trust, with a view to lending to some of the com-panies which are selected for the fund.

Robert Fleming has signed an agreement with Investical Banka, the Czechoslovak investment bank, whereby it has access to advance information about companies seeking foreign capital. Investical Banka is advising the govern-

ROBERT Fleming, the ment on its privatisation programme. It already runs sev-eral domestic mutual funds for which Robert Fleming is an

Robert Fleming has secured the right to invest on the same terms and conditions as Investical Banks's domestic funds. The fund managers hope to raise more than \$100m by placing units - each consisting of five shares and one warrant with institutional investors. The fund will be listed in London and in Prague once the stock market opens there. Several of the eastern Euro-pean funds launched after the opening up of the eastern bloc attracted considerable investor interest but faced problems finding suitable investments.
Robert Fleming launched the
Deutscheland Investment Corporation, a fund set up for investment in eestern German concerns which is listed in

respected chemicals analyst, Mr Gary Gestineau, a dariva-tives analyst, and several members of Sajomon's London lysts for the past eight years. LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

FT-ACTUARIES SHARE INDICES										
The Financial Times Ltd 1992, Compiled by the Financial Times Ltd										
Wed To Die Year										
BOUTTY OROUPS) SHLAS				<u>z</u>	15	14	13 23	
A SUB-SECTIONS Figures to parentheses show number of stocks per section.	mateux Illus	Day's Change	Est. Earnings Yield% (Max.)	Div. Yield% (Act at (25%)	P/E Ratio (Net)	ut adi. 1992 is (tab	logies No:	index No.	fo dies Mo.	tratau No.
1 CAPITAL GOODS (178)	772.78		8.82 7.5	6.22 6.75	14,49 17.94	0.00			744.72 878.94	692.66 943.51
3 Contracting, Construction (29)	851.96	+3.7	9,43	8.70	15.28	0.00	836.43	833.62	831.34	1062 58
4 Electricals (7)	2468.12 1703.08		10.06	6.08 5.05	12.50 11.69	0.00	2433.47 1683.74			1887.01 1498.64
6 Engineering Aerospace (5)	340.97		15.84	7.62	7.69	0.00				389.78
7 Engineering-General (43)	479.23		9,99	5.19	12.34	0.84	475.19		464.69 302.26	349.87
8 Metals and Metal Founding (LO)	326.31 297.05	+5.0	2.14 8.67	10.65 8.03	15.31	0.00	310,76 207.21	290.38		391.20 275.57
1.0 Other Industrial Materials (19)	1595.48	10.5	7.54	514	15.77	0.00	1585,68	1565.96	1539.08	1186.15
21 CONSUMER CROUP (188)	1628.82 2047.78		7.16 8.13	3.39 3.46	17.20 14.92	7.92	1646.08 2047.90			
22 Streets and Distillers (23)	1240.85		1.69	4.07	14.22	1.03	1246.37	1237.64	1233.53	1037.60
26 Food Retailing (17)	243L03	+0.7	9.09	3.41	14.29	0.39	2415.21		2110.AA 46.51.04	2318.02 2517.68
27 Health and Household (24)	1464,76 1235,68	-4.0°	5.09 R.08	2.19 5.45	22.53 13.30	0.35	4649.21 1256.63			1146.37
30 Metta (23)	1453.71	-0.3	6,85	3.69	18.82	0.91	1458.03	1439.42	1426.53	1193.89
31 Packaging, Paper & Printing (17)	766.19	10.1	6,91	4.33	17.54	0.00	765.66 988.71	761.76 980.08	745.87 962.17	494.63 809.59
34 Stores (32) 35 Textiles (10) 44 Stores Section (14)	997.50 603.38	+0.9	7.36 7.56	3.73 5.15	18.00 16.65	8.80	595.23	598.88	601.14	405.92
CONTRACTOR (US)	1214.73	+0.9	9.98	5.40	12.63	5.01		1184.33		989.57
	1451.74	+0.9	6.93	5.06	18.39 17.70	0.00	1438.50 1416.26	1406.48 1398.41	1406.12 1394.19	977.98 1034.39
	1346.03	+1.7	11.19	7.71	10.85		132 LE	1372.23	1276.15	
W Transport 0.40	2435.07	+18	5.27	4.64	24.99	0.00	2392.77	2374.28		
45 Electricity (1.6)	1390.80	+1.0	15.62	6,40 4,51	8.33 11.57	11.22 15.96	1150.19	1124.48	1125.02	1015.36
46 Telephone Networks(4)	2246.60	-0.3	19.00	7.08	5.80	0.00	2253.22	332.49	2201.03	2198,74
49 Miscelfaneous (23)	1877.08	+0.8	5,30	5.21	25.97			1017.17	1789.24	
THE THIAL SERVE (41)	1281.47		8.33	4,54	15.02	2,32	1281.80			
31 06 & 6as (19)	2196.69	+6.1	11.65	6.38	11.36	2 19	2195.22	2174.88 1351.68	2137,44 1338,06	
59 509 SHARE TRIDEX (500)	1363.08 726.27	25	8.70	6.41	14,49	0.00	101.97	700.20	697.96	695.19
62 Sarás (9)	877.24	13.9	4.36	6.05	46.44	8.00	944.14	825,48	825,54	727.1A
65 legurance (Life) (6)	1446.31	41.5	-	5.91	- 1	0.00	1424.90	1414 <i>.69</i> 585.38	1412.05 477.70	1255.39 591.47
66 Instrance (Composite) (7)	508.16 1008.20	42.5	7.67	8.58 6.63	17.15	0.00	498.92 992.95	972.60	958.99	943.63
68 Merchant Banks (7)	454.24	+0.8	-	4,72	- 1	0.00	450.68	449.95	441.31	332.06
68 Merchant Banks (7)	TT7.55	43.6	7.06	5.94	20.18	6.00	7N5.07 234.38	760.62 232.24	761,A2	934.56 238.31
70 Other Financial (1.4)	236.65 1193.81	+1.0	11.27	7.55 3.65	22.29	0.00	1192.91			973.61
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QED first possible MBO from MCC

QED TECHNOLOGY, systems integrator and soft-ware supplier for the publish-ing industry ing industry, could be among the first management buy-outs from Maxwell Communication Corporation, it emerged yester-

Mr Charles Croker, QED's managing director, said he had been told by Price Waterhouse, administrator to MCC, that non-core businesses like his "could be for sale".

The news came the day after Mr Jonathan Phillips, one of the joint administrators of MCC, told Norsk Data, the Norwegian mini-computer group, that an offer from QED made last August to buy one of its loss-making subsidiaries could not proceed.

firmed that it was still willing to sell ND Comtec, the subsid-iary, to QED if the sale could take place before the end of January. The offer depends on QED's ability to buy itself out from MCC before then.

Mr Svein Sognen, executive vice-president at Norsk Data, said that a US, a UK and a Norwegian company were also interested in buying the subnidiary. ND Comtec, which also pro-

vides software to the publishing industry, was to be sold to QED last November for an undisclosed sum. But Mr Croker said MCC refused to approve the deal at the last minute.

It has also emerged that Berlitz International, MCC's lan-However. Norsk Data con- guage training and travel pub-

lishing company, has been removed from the "M&O" group of companies controlled by Mr David Shaffer under the joint US/UK administration procedures agreed on Wednes-day. M&O is the vehicle under these joint proceedings to han-dle Macmillan, Official Airline Guides and 15 other subsidlaries of MCC.

The announcement came after a hearing in the New York southern district bankruptcy court that approved arrangements governing the control of MCC jointly under UK administration and US

ownership of most of the 55.6 per cent stake in Berlitz that is also claimed by Macmillan. Mr

Shaffer said it would not be appropriate for Berlitz to be within M&O while there was dispute over its ownership.
Credit Suisse, Swiss Volksbank, Advest of New York,
Morgan Stanley and Shearson
Lehman are believed to claim ownership of the Berlitz shares as collateral for loans extended

to companies within the Max-well empire. The previous order govern-ing control of MCC had been ratified in the UK and US courts for just two weeks and was subject to approval by the group's creditors.

• Nimbus Records pension funds, UK and US, have not here next of the MCC pressions.

been part of the MCC per funds since the company's acquisition by MCC in Decem

Dossiers built up on supposed opponents

By Jimmy Burns

MR ROBERT Manwell ordered detailed investigations, including the brild-up of personal dessiers, to be carried out by his personal security staff on any individual or organisation he claimed to be libelling him, even though some of the alleged libel has subsequently proved to be true. The security staff, which

included a former Scotland Yard chief superintendent, worked closely with lawyers and some Mirror Group Newsproper journalists but reported directly and were answerable only to the late Mr Maxwell.

A highly-placed source, who worked closely with Mr Maxwell, detailed the scope and

ale of Mr Maxwell's appar ent paranola as business asso ciates and others began to probe deeper into his financial

"For the last 2% years we worked very closely with our legal department . . we carried out investigations on ried out investigations on behalf of the legal depart-ment... we would make up a file on an individual who had made the libellous claim in the first place . . . very often they were journalists." According to the source, Mr Maxwell also "on occasions" investigations.

taped his own conversations" and ordered the investigations to be extended to business associates, although these tapes are believed to have been destroyed.

It is understood that Mr

Maxwell's suspicious about some of his associates continued in spite of being advised by his security staff that there was no evidence to substantiate his allegations. "Mr Maxwell was concerned

about certain people and their loyalties . . he believed that there were some people who were leaking informa-tion . . . very often people were unaware of what was going on around them," the

Following Mr Maxwell's death, the Daily Mirror pub-lished a series of reports alleg-ing that Mr Maxwell's security staff bugged Mr Lawrence Guest, Mirror group finance director, and executives of two other Maxwell-owned compa-

The alleged basis for the reports is believed to be the subject of an investigation by the City of London Police, which seized documents from the offices of the security

A senior editorial exceptive of the Daily Mirror said this week that part of the anger stemmed from the alleged fact that colleagues had not been able to use the services of the security staff for their own

However, according to the source close to Mr Maxwell, the security staff did provide some investigative journalism employed by Mirror Groups

Newspapers with equipment and training.

Mr John Pole, former director of group security for Maxwell Communication Corporation, said last night that he was not prepared to comment about the activities of his department pending a police

TVS to sell 50% stake in CBS/MTM studios for \$27m

By Gary Mead, Marketing Correspondent

TVS ENTERTAINMENT is selling its 50 per cent interest in the CBS/MTM studios to the Walt Disney company for \$27m

(£15m) cash.

Mr Rudolf Agnew, chairman
of the television company which loses its broadcast fran-chise for the south of England at the end of 1992, said: "We want to continue as an inde pendent producer. It's early days to know exactly how that will work out, but as an inde-pendent producer we don't need to own our own studios.

"This sale is therefore a further attempt to strengthen our

Mr Agnew pointed out that

MARKHEATH, the property

group, incurred a pre-tax loss of £459,000 in the six months to

September 30 1991 and is cut-ting its interim dividend from

The group is 60 per cent owned by the Australian Adelaide Steamship Group which is being refinanced. Markheath's figures for the

first half of last year, showing a pre-tax profit of £6.6m, were not comparable because of the contribution from Camford

Engineering, a motor compo-

nents company which has since been sold.

By Jane Fuller

CBS had a 30-day option to buy TVS's holding in MTM, though he was not aware of any plans to energies it.
The 20 studios, in which the stake is being sold, are spread across a 39-acre site in Los Angeles. They incurred a pre-tax loss of \$800,000 in the year

anding December 31 1990.

Last November, after learning it was to lose its franchise, TVS decided to cut its regional programmes by two hours a week, 14 per cent, to the minimum 12% hours required. The group's 800 staff are facing a phased redundancy plan.
At the time, TVS said that its bankers had reaffirmed its

Markheath incurs £459,000 loss

£95m in March to £62m in September, Mr Paul Bobroff, man-

aging director, said it had gone

up by about 10 per cent since then because of a purchase and

Turnover plummeted to £3.8m (£74.5m) and mainly

comprised the sale of two properties previously owned by

Camford. The loss, after paying £1.05m interest, was £2.49m, offset by just over £2m income

from properties and dividends. Losses per share were 0.19p

earnings of 3.59p). Mr Bobroff said a further

22.5m of interest was capital-

ised. With rental income of \$2.8m this year and at least

FORTE is to spend £12.5m on refurbishing the Waldorf, in London's Aldwych, to "return it fully to its Edwardian spen-dour." The hotel will continue

IMI is acquiring Walter, Switzerland's leading maker of pneumatic valves and cylin-

ders. It achieves sales of £12m

and had not assets of sa.am. NO PROBES: the following

acquisitions are not being

referred to the Monopolies and

Mergers Commission: WH Smith of 50 per cent interest in

Virgin Retail; Colgate-Palmo-

live of assets of Pfizer, namely the Plax mouthwash business

cutside the US.

PACER SYSTEMS is acquiring
Computer Applications Software Technology, a US maker
of high precision navigation
systems, and simulation, test

and integration systems for the

Global Positioning Systems market. Pacer will provide

\$250,000 working capital. Consideration for the common

to trade during the work.

dividend and tax payments.

bank facilities until the end of the franchise. TVS has a US facility of about \$85m, which was organised by Chemical Bank TVS's indebtedness prior to yesterday's announcement tood at 175.8m. Last December, the compan's

application to the High Court for leave to seek a judicial review of the Independent Television Commission's decision was turned down on the basis that it waited too long before mounting a challenge. The south of England franchise was awarded to Meridian Broadcasting last October, even though TVS outbid Meridian by more than £20m.

£3.7m next year, the group was moving closer to a balance

between rental income and

"We are not selling property into a bad market and we are

comfortable with our portfolio,

which is either completed ten-anted buildings or develop-

ment sites. We have no devel-

opments in progress."

The main opportunity for the group remained in Kings Park, Stevenage, a 22-acre site. About £1.5m was being spent on infrastructure work and discussions were included in the progression of the control of the progression of the progression was included in the progression of the progression was included in the progression of the progress."

cussion were taking place with

let substantial parts of the development.

shares is \$6,528 and contin-

gency payments up to \$760,700 payable.

STEEL BURRULL Jones Group:

Applications in respect of the open offer of new shares in

connection with the acquisi-tion of Regis Low Holdings

have been received in respect

of 3.81m shares (53.4 per cent).

TELFOS: Jenbacher has acquired or contracted to

acquire more than nine-tenths

in value of Telfos' ordinary

shares to which the ordinary offer related. Neither the pref

erence nor warrant offer will

be increased and each will

close on January 24. The ordinary offer remains open until

TT GROUP has acquired trad-

ing assets of BAS Aircraft and Peter Abbott for £700,000 cash.

The two companies, which dis-

tribute fasteners and associ-

ated components to the aero-space and related industries, achieved turnover of £2.7m in

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COMPANY NEWS IN BRIEF

DIVIDENDS ANNOUNCED

Dividends shown pence per share not except where otherwise stated.

Current

0.6 0.375

1.9† 5.26

28

Date of

payment

Paris Match to withdraw autopsy pictures

A PARIS court has ordered Paris Match magazine to withdraw an issue featuring autopsy photographs of Mr Robert Maxwell and allegations that he was hit before his death, Reuter reports from Paris.

The court, acting at the request of Mrs Elizabeth Maxwell, the media magnate's French-born wife, issued an interim injunction late on Wednesday also order-ing the weekly to pay FFr100,000 (£10,300) provisional damages to Mrs Maxwell.

"The publishers of Paris Match went

beyond the limits of the freedoms of eech," the court rule

The court also ordered bailiffs to ensure that the offending issue, published last week, was removed from news stands. As Paris Match comes out on Thursdays, most of last week's issues would have been removed anyway.

The autopsy photographs were accompanied by what the magazine said was a partial transcript of a conversation between Israeli and British pathologists

who examined Maxwell's body in Tel Aviv before his burial in Jerusalem in Novem-

saying the body showed numerous traces of blows before death. Dr Iain West, one of the British pathologists involved, dis-missed the allegations as nonsense. In its latest issue, Paris Match said it had spoken to the three Israeli pathologists in Tel Aviv who were under orders

protest on price

of Aids drug By Daniel Green

A group of Wellcome shareholders will try to freeze dividend payments and force down the price of Retrovir, the Aids treatment, at the company's annual meeting today.

The Wellcome Independent Shareholders Association (Wisa) conceded that it would not succeed but that "in future they may lower the price."

Wisa has "about 60" mem-bers, all small shareholders. It has links with shareholders in other countries including the US, where a well-established Aids lobby has been campaigning for several years to reduce the price of the drug.

Wisa is expecting protests at the meeting from Actup, another Aids lobbying group.

Wellcome faces | Olivetti jobs go as two UK subsidiaries merge

By Alan Cane

OLIVETTI Office and Olivetti Systems and Networks, two UK operating subsidiaries of Olivetti, the Italian office equipment and computer maker, are to be merged into one company with the loss of some 65 jobs, about 4 per cent of the workforce.

The move is part of a worldwide reorganisation Olivetti is putting in place to deal with declining sales and profitability. The new company, with headquarters in Putney, London, will be called Olivetti UK and be run by Mr Paolo Tosi, formerly managing director of Olivetti Systems. Mr John Kernick, ex-managing director of Olivetti Office, has left the

Until 1990 the company was known as British Olivetti in

the UK, to play down its Italian parentage; in that year it was divided into the office division. dealing with low end personal computers and typewriters, and Systems, dealing with computer systems in anticipation of a growing market for

computer equipment.
The reconsion in the US and
Europe, coupled with a signifi-cant decline in the price of computer hardware, has meant that the market has shrunk rather than grown. Olivetti said earlier this week its sales last year declined by about 5

While the group worldwide has almost certainly incurred a loss, the UK subsidiary per formed well, with pre-tax profthe half way mark.

Single premium business ahead by 19% at CU

Commercial Union reported a 19 per cent increase in new life assurance and pensions business during 1991.

In common with Prudential, which announced new business figures earlier in the week, most of the gain came from single-premium business which increased 19 per cent to 2597 Em.

There was a 9 per cent increase to £146.3m in annual premiums, which are seen as being more vulnerable to a Single premiums to personal

pensions accounted for much of the rise, while new annual premiums for life policies fell

Mortgage-related business also increased slightly to £18.1m, despite the depression in the housing market.

That sale, completed in May 1991, helped to cut debt from Microgen declines by

14% to £7.3m Unexpectedly high costs in its UK business hit profits at Microgan, the information ser-vices company, which yester-day revealed a 14 per cent decline to 27.3m in its pre-tax return for the year to October 31. Turnover was 247.7m,

Mr Douglas Lee, chairman, said: "Costs and capital expen-diture had been allowed to run ahead of income during the recession." Microgen has also been unable to dispose of some unoccupied UK premises, which is costing the group

Mr Lee said the group was making good progress in cutting costs.

In Scandinavia, which he said had been hit even barder by recession than the UK, the Capella subsidiary had won the group's largest-ever contract. The deal with a leading Finnish bank was expected to pro-

During the year, Microgen sold its office equipment and supplies business in Sweden

Earnings per share, before an extraordinary gain of £189,000, fell to 12.2p (13.5p). The final proposed dividend is maintained at 4.8p, making an unchanged total of 7p.

Blacks Leisure buy

Blacks Leisure is paying £1.9m in shares for Quasersport, a new company which owns the Quaser brand of sports foot-

Witan net asset value rises 17%

PUBLIC WORKS LOAN BOARD RATES

APPOINTMENTS ADVERTISING

appears every

Wednesday & Thursday (UK)

& Friday (in the International Edition only.)

Quota logne

The net asset value per ordinary share of Witan Invest-ment amounted to 178.8p at December 31 1991, a 17 per cent improvement on the 153.3p fig-ure of a year earlier.

The net asset value of the warrants improved from 76.8p to 192.3p over the same Revenue before tax for the

Over 1 up to 2. Over 2 up to 3. Over 3 up to 4. Over 4 up to 6. Over 5 up to 6.

Over 5 up to 7

Over 8 up to 9 Over 9 up to 10 ... Over 10 up to 15 .

Over 15 up to 25.

year grew by 21m to £26.3m. A final dividend of 2.8p (2.5p) is proposed making a total for the year of 5.3p (4.75p). Earnings

(5.4p). Lord Faringdon, chairman attributed the rise in net asset value to a cautious investmen approach under difficult stock market conditions.

BOARD MEETINGS

Prench (Thomas

enti-Co ...

TODAY

Canadian Imperial **Bank of Commerce** NOTICE OF REDEMPTION CANADIAN IMPERIAL BANK OF COMMERCE

NOTICE IS HEREBY GIVEN that pursuant to Condition 6(b) of the U.S. \$180,000,000 Fideting Rate Deposit Notes due 1996 (the "Notes") of Canadhan Imperial Bank of Commerce ("the Bank"), the Bank will redeem on 28 February 1992 all of the outstanding Notes at a price of 100% of the principal amount. Interest will cause to accrue on the Notes from and after 28 February 1992.

U.S \$150,000,000 Floating Rate Deposit Norm Doe 1986

Payment of principal in respect of the Notes will be made in U.S. dollars against surrender of the Notes to one of the Paying Agents Material below:

Canadian Imperial Bank of Commerce Trust Company Care of United Missouri Trust Co. of New York One Sattery Park Plaza, 8th Floor, New York, N.Y. 10004 Canadian Imperial Bank of Commerce Cottons Centra, Cottons Lana, London SE1 2QL

Kredietbank S.A. Luxembourgeoise 45-Soulevard Royale, P.O. Box 1108, Luxembourg

Where any Note is presented for redemption without all un-matured coupons relating thereto, redemption shall be made only against the provision of such indemnity as the Bank shall require, Psyments of interest accrued to 25 February 1992 on the Notes will rayments or interest accrued to an reorgary 1992 on the Notes will be made against surrender of the relevant Coupons at any specified office of the Bank or any Paying Agant, other than an office of the Bank or a Paying Agent in the Unibed States, in the manner specified in Condition 5 of the Notes.

CANADIAN IMPERIAL BANK OF COMMERCE

TENDER NOTICE UK GOVERNMENT

ECU TREASURY NOTES For tender on 21 January 1992

 The Bank of England announces the sale by tender on behalf of Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Notes. The tender will be held on a bid-yield basis on Tuesday, 21 January 1992.

2. The ECU 1,000 million of Notes to be sold by tender will be dated 24 January 1992 and will mature on 24 January 1995.

Notes will bear an annual coupon payable on 24 January, starting on 24 January 1993. Payment for Notes allotted in the tender will be due on 28 January 1992; the amount payable will include 4 days accrued

4. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on 21 January 1992.

Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

6. Tenders must be made on a yield basis (calculated on the basis of a month of 30 days and a year of 360 days) rounded to two decimal places. Each application form must state the yield bid and the amount tendered 7. Notification will be despatched on the day of the

tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Notes in global form to their account with Euroclear or CEDEL. Notes will be credited in the relevant systems against payment. For applicants who have requested definitive Notes, Notes will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on 28 January 1992 provided cleared funds have been credited to the Bank of England's ECU Treasury Notes Account No. 59045828 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SEt 2HA. Definitive Notes will be available in amounts of ECU 1,000, ECU 10,000, ECU 100,000, and ECU 1,000,000 nominal.

8. Her Majesty's Treasury reserve the right to reject

any or part of any tender. 9. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Note programme issued by the Bank of England on behalf of Her Majesty's Treasury on 9 January 1992. All tenders will be subject to the

provisions of the Information Memorandum. 10. On 24 January ECU 1,500 million nominal of Notes will be allotted to the Bank of England for the account of the Exchange Equalisation Account. ECU 1,000 million nominal of the Notes will be available for delivery on 28 January, with the benefit of accrued interest, to those applicants whose tenders have been previously accepted on 21 January. ECU 100 million nominal of the Notes will be retained by the Bank of England and may be made available for sale and repurchase operations with the market makers listed in the Information Memorandum. ECU 400 million nominal of the Notes will be retained by the Bank of England with the intention that they will be sold in subsequent tenders; these Notes will not be sold other than by tender. 11. Copies of the Information Memorandum may be obtained at the Bank of England. UK Government ECU Treasury Notes are issued under the National Loans Act 1969.

Bank of England 9 January 1992

FINANCIAL TIMES

WORLD INSURANCE REPORT

REPORT

WORLD POLICY GUIDE

The Financial Times Insurance Newsletters are the essential source of international intelligence for and about the global insurance and reinsurance industry.

World Insurance Report

The insurance newsletter that industry executives rely on. Decision makers turn to World Insurance Report for authoritative, concise reporting on international non-life insurance and reinsurance. World wide market treads, law and supervision, liability developments, losses and claims, marine, aviation and transport, Lloyd's and more are all covered regularly and in depth. International company news has its own special 12 page section each

East European Insurance Report

The monthly newsletter dedicated to these new insurance markets. Provides in depth country by country analysis of legislation, new companies and products, market trends and potential liabilities, keeping readers up to date with often fast changing and complex developments. Information sources include direct comment in the industry and in government departments.

The unique monthly which combines clause by clause analysis of London market policies with an international listing of newly available insurance products. If you sell, buy, regulate, administer or are otherwise concerned with insurance, World Policy Guide is an invaluable source of whats on offer, where and from whom.

EAST EUROPEAN INSURANCE

World Policy Guide

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Regiond Tel-	071-240 9391 Fax 071	-246 7046

UK COMPANY NEWS

Lower overheads help Stanley edge ahead 6%

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REDUCED overheads helped Stanley Leisure Organisation, the betting shop, casino and snooker child group, inch ahead in the six months to October 27 1991, with a 8.4 per cent rise in pre-tax profits to

The improvement was struck on turnover just 3.6 per cent higher at £100.3m. Mr Leonard Steinberg, chairmen, said the difficult condi-tions of the first half were continuing in the second six months, with sales in the casino and racing divisions only marginally ahead of last

year.

The casino division, which suffered severely from recession last year, had shown a motest improvement.

Cost-cutting had helped boost margins, although only slightly, he said.

The spend per head — which in 1989 stood at \$100 — was beginning to recover from last year's tumble and averaged.

year's tumble and averaged about 500 in the first half. Stanley operates 17 provincial casinos, which contribute roughly 50 per cent of annual profits.

had considered buying the 19 Stakis casinos – which were taken off the block this week



Leonard Steinberg: 19 Stukis castnor too dear

- but the £100m price tag had been too high. Turnover advanced slightly in the racing division, which includes the group's 327 bet-

ting shops.
The company said about six of the shops were loss-making.
Average bets still languished
at last year's levels of £3.39 but margins remained steady.
Since the end of October, Stanley has purchased 25 bet-ting shops for £4m.

The acquisition has pushed

up debt, which was £29m at the end of the half. Gearing was just over 30 per cent, Stanley

Stanley's four snooker clubs continued to disappoint, and the group said it was prepared to sell the businesses for the right price. It is believed the clubs are making a marginal

The group's loss-making printing business was sold dur-ing the six months for a book profit of £347,000.

However, this was offset against a £1.9m extraordinary charge for the goodwill written off on the business when it was purchased in 1988.

purchased in 1988.

The recharging of goodwill through the profit and loss account is the result of accounting standard changes introduced before Christmas.

As a result of the extraordinary charge, the retained profit was down sharply from £1.72m to £195,000. However, Mr Steinbarg thas the traced that it real berg stressed that, in real terms, "reserves have terms, "reserves h increased by about £2.1m". Barnings per share rose from 6.75p to 7.28p. The interim dividend goes up by 0.1p to

assistance to Conroy had been turned down, adding that a "commercial price was requested for our services".

Last month, Conroy bought out Atlantic Resources, a struggling oil and gas exploration company in a share-exchange deal valued at 127.7m (27.2m).

Finnish

angers

Conroy

zinc move

By Tim Coone in Dublin

MR BICHARD Conroy, chairman and chief executive of Conroy Petroleum,

natural resources company

claimed yesterday that Outo-

kumpn, the Finnish mining group, had tried to obtain 100 per cent control over the mar-keting of zinc produced from an important ore discovery in

Mr Conroy said that Outo-kumpu "had demanded that

the company sign over the marketing of 100 per cent of the over in return for inclinical

assistance in making an appli-cation for planning permission to develop the 6.2m tonne Galmoy ore deposit, located 70 miles south-west of

This could not be consid-

ered to be in the best interests

of the other shareholders" he

Mr Graham Mascall, a

senior executive of Outo-kumpu, confirmed yesterday that his company's offer of

This was widely interpreted as a move to dilute stakes in Coursy held by Outukumpu's and Dundee Bankcorp, a bank-ing offshoot of Corona International, the Canadian mining

This provoked anger from Ontokumpu and Dundee, which together held just over 50 per ceut of Conroy's shares before the Atlantic deal.

The two shareholders then demanded an EGM with the

aim of ousting the Conroy The EGM is scheduled for February 8.

Mr Mascall, and Mr Paul Carroll, a director of Dura

said that their companies will "review" their investment in Conroy, if they fall in their attempt to oust the

Mr Conroy said yesterday. I am prepared to talk with both companies" but claimed that they were trying "to carry out a takeover on the cheap".

Should they decide to pull out of Courcy "It might be healthy for the company" he

Irksome sting on the body corporate

Richard Waters on a kind of greenmail by preference shareholders

N A quiet backwater of the investment world, there are occasional windfall gains of more than 50 per cent to be made. Yet that has not stopped some investors holding out for more - as Bass, the brewer, is the latest UK company to discover. For opportunists, the returns could be sub-

The brewery group is seek-ing to repay preference share capital with a nominal value of about 26.5m - insignificant in the context of its 2570m rights issue last year. Its two long-standing preference share issues, each with more than 3m shares outstanding, are small and troublesome to administer: like several other UK companies in recent months, Bass has decided these historical issues are no longer worth the effort.

Next Thursday, at its annual meeting in the Queen Eliza-beth Conference Centre in Westminster, holders of the preference shares will be asked

Step forward the opportun-

ists. Bass's effort to tidy up its The sharp reduction in yield (and hence uplift in price of balance sheet relies on the agreement of preference stock holders. By withholding that agreement, there is always a chance that Bass, or any other company in the same position, would choose to pay an extra premium to resolve the issue, rather than continue as before. It is a sophisticated, and occa-sionally effective, form of greenmail. according to a circular sent to

Even without the additional premium, holding such prefer-ence shares can be an attractive proposition. Generally, preference stock trades on a yield of about 10 per cent. When repaid, companies are usually prepared to pay inves-tors a gross redemption (or "exit") yield of between 6 and 6.5 per cent — a level long con-

sidered the norm by corporate financiers. It is also one which has proved acceptable to the investment protection committees of investor trade associa-tions like the Association of British Insurers (ABI) and the National Association of Pen-

the particular stock) represents a substantial capital gain. Bass' offer is no exception: holders of its 4 per cent cumulative preference shares, for instance, are being offered 57.5p per share – equivalent to an exit yield of 6.5 per cent. The shares were trading at 38p for most of the last half of 1991,

But is that enough? Bass' articles of association - as with many other companies require it to repay capital at par (ie, 100p). Some shareholders argue that it should honour that commitment — or at least offer something closer to par than 57.5p.

Mr Richard Male, a small holder of the charge capital

holder of the shares, says that Bass has failed to alert its preference share holders to their rights under its articles of association. It is not enough to offer less than par, and to jus-tify this as fair simply by reference to the opinion of a merMr Stephen Cockburn is a specialist in preference shares. He runs three investment trusts within the Aberdeen Trust group and is adamant that Bass is short-changing its preference holders. Mr Cockburn argues that,

where the coupon on a preference issue is low, companies try to repay at a discount to par to keep in the generally accepted 6.5 per cent exit yield range. But where coupons are higher, companies never offer to repay at a premium over par, and so exit yields rise correspondingly above 6.5 per cent. The calculation never works in an investor's favour,

always the company's, he says.
The 100,000 shares held by
Mr Cockburn's Danae Investvent Bass getting shareholder approval to repay the shares at less than par. The ABI, whose members account for the bulk of holders, has already given its approval. But others have experienced problems in the past - and may do so in

Lookers halved to £3.21m as new vehicle sales decline

By Jane Fuller

MOTOR DEALERS are looking might recover to between for a helping hand from the Budget rather than the blows inflicted by the government last year in terms of company car taxation and VAT, according to Mr Ken Martindale,

chairman of Lookers.

Pre-tex profits felt 50 per cent to £3.21m (28.45m) in the year to September 30 as the Munchester-based-dealer andfered along with others in the sered along with others in the sector from a drop in new car seles from nearly am in 1990 to 1.50m last year.

Mr Martindale said: "There will be a recovery because replacement decisions have been deferred. But it depends on the Budget."

"The coveryment might

The government might

reduce car tax, and it might not have the carelessness to increase company car fax and VAT, as it did last year after 15 months of falling sales." He

reckened that new car sales

1.65m and 1.7m this year. Operating profit fell 22 per cent to £11m (£14.2m) on turnover of £359.6m (£370.5m). Interest costs rose to £7.8m

The group incurred a retained loss of nearly £800,000. Mr Martindals said this was roughly equal to the provision made for deferred taxation following a decision to reduce contract hire.
About \$25m of the group's

About 25m of the group's net debt of 245m - gearing of 115 per cent - was related to contract hire. "Debt is a dirty word at the moment," he said. Gearing would be reduced particularly in 1992-93 and the

The main reason for the profit fall was motor distribu-tion, including contract hire, which contributed 25.27m after interest but before head office

The group's leading franchises are Vanshall and Rover New car sales were down in numbers and margin; used cars were up on both counts. Servicing and parts advanced and accounted for 70 per cent of group profits, he said.

Conditions were worst in the south-east and Mr Martindale admitted that expansion there could have been better timed - it paid £14m, mainly in convertible preference shares, for SMAC in the summer of 1989.

Profit from caravans mainly holiday parks -slipped to 2427,000 and the loss on agricultural equipment grew to £415,000.

Although earnings per share slid to 2.1p (16.8p), the final dividend is held at 4.2p for a maintained total of 6.2p.

Sale by Polly Peck offshoot raises \$24m Vestel paid \$20m for the from a group of banks and a but used for working capital

IN A further rationalisation of Polly Peck International's Turkish businesses, Vestel, its consumer electronics subsidtary, has raised \$24m (£13m) to fund working capital needs with the sale of its new Istan-

chairman, confirmed yesterday that Garanti Bank, a privately owned Turkish bank, had bought the company's Maslak building.

Mr Tabsin Karan, Vestel

property in 1990 as the head-quarters for all Polly Peck companies in Turkey. The sale follows a shake-up of the board in November, and

moves to sell a minority stake in the company by the administrators of Polly Peck. Vestel sold 18 per cent of its equity on the Istanbul stock exchange in

The company last year secured short-term finance

\$10m suppliers credit from and to reduce gearing.
Goldstur of South Korea.

He added that the adminis The company is heavily

dependent on imported compo-nents and has been badly hit by the collapse of Polly Peck, which in the past provided much of Vestel's short-term finance, through letter of

Mr Karan said yesterday the proceeds would not be transferred to the administrators

trators were still looking for a strategic minority partner for Vestel, Turkey's largest exporter of televisions and the third largest domestic white and brown goods producer. However, he ruled but any early sale, particularly given the company's depressed price on the Istanbul stock

Bioplan shareholders approve reverse takeover

THE PROPOSED reverse takeover of Bioplan Holdings, the private healthcars company, by Hospital Corporation International of the US was approved by Bioplan share-holders at an extraordinary

meeting yesterday.

Bioplan pioneered the setting up of private medical facilities alongside National Health Service hospitals, with which it had partnership agreements. Its shares were suspended at 44p in November, giving it a market value of £19.3m.

The suspension came less than seven months after Bio-plan had raised £22.8m in a rights issue and only four months after it moved up from the USM to the main market

Dealings in the company's shares, under its new name, Hospital Corporation Interna-tional Group, will commence

Mr Bob Nellist, chairman of Bioplan, is remaining as chair-man of the new group. Mr Den-ms Sokol of HCl is to become deputy chairman and group chief executive.

Under the deal HCI shareholders will gain initial control of 45 per cent of the enlarged

GOLD FIELDS PROPERTY COMPANY LIMITED

income from rent and sale of property Surplus on realisation of investme and fixed assets Interest earned, gold royalties and income from other sources 21,739 21,805 2.302 2,794 Expenditure 426 19,503 18,945 Profit before tax Profit ofter her 12,007 Extraordinary profit Unappropriated profit, brought forward 30,304 20,500 20,478 21,778 5,112 intenm 18c (18c)

Dividends decimed: Special 163c (--) Final 32c (32c) 3,272 Transfer (from)/to reserves 25,150 (1,300) Unappropriated profit, carried forward 42 117 Earnings per share - cents Dividends per share – certis 213 Times dividends covered

Extraordinary profit. This amount includes the sale of "C" shaft slimes dam

Dividend No. 138 of 32 cents per share in respect of the year ended 31 December 1991, has been declared in South African currency, payable to members registered at the close of business on 31 January 1992. Warrants payable on 26 February 1992 will be posted on 25 February

ntioned conditions.

The register of members will be closed from 1 to 7 February 1992, inclusive.

London Office:

Frances Street, 16 January, 1992

A MEMBER OF THE GOLD FIELDS GROUP

A/S JYSKE BANK US\$ 100,000,000 Notes due 1995 In accordance with the ter

conditions of the Notes, notice is hereby given that for the six months period from January 16, 1992 to July 16, 1992 the notes will carry an interest rate of 5 1/8 (minimum rate provided under

calculated will be USD 259.10 for denominations of USD 10,000 and USD 6,477,43 for denominations of USD 250,000.

BANOUR GENERALE DU. LUXEMBOURG S.A. Reference fluid

Davenport Vernon

cut its pre-tax shortfall to 27 per cent in the year ended Sep-

and 1981". Turnover was ahead to £99.7m (£94.9m) but operat-ing profit fell to £2.54m (£3.1m). Interest charges took \$1.1m

Earnings per share dropped to 7.3p (10.3p) and the proposed final dividend is 2.5p for a same again total of 4p.

Guarded outlook as PWS improves 7%

cent over the 12 months to end-September 1991. Prospects for the current year are mixed; the ... markets in

The profits increase - from £2.87m to £2.86m - was achieved on turnover of £14.8m (£13.8m) and struck after interest charges reduced from

Earnings per share emerged at 9.2p, down from 9.5p reflecting increased capital after the previous year's rights issue, A final dividend of 2.5p is recommended, making 4p

Selective Assets value falls

At the end of 1991 net asset value of Selective Assets Trust,

Nearly 33 per cent of the portfolio was in the UK, 28 per cent in the US, and 9.3 per cent

(0.750).

Net asset value rises at Investment Co

ment Company improved from 32.8p to 36.65p over the six months to September 30. A year earlier the figure had

£28,000 (£22,000).

Earnings per shars were
1.47p (1.49p) and directors
declared an unchanged interim

Thos French doubles to £753,000

year to September 28 1991, dou-bling its pre-tax profit from 2388,000 to £753,000. However, that was still somewhat short of previous

But, said Mr Jeremy French, chairman, that potentially damaging reduction was more measures, to the extent that sales per employee increased

working capital and invest-ment and the sale of the sur-face heating business. Net borrowings were virtually nil at the year-end, Mr French stated. Earnings per share came to 4.41p (1.93p). The final dividend Hampson still waiting for recovery

a recovery as it reported interim pre-tax profits down by

should return to normal pet-terns and show a marked improvement. Though be added that it would owe nothing "to any vague hopes of an improvement in the economic

Profits for the six months to September 30 were £1.62m (22.64m) on turnover of £37.1m (£36.6m). Earnings per share came out at 1.36p (2.48p) basic or 1.45p (2.38p) diluted and the interim dividend is unchanged

Northern Industrial makes £215,000

In the half year to September 30 1991 Northern Industrial Improvement Trust virtually maintained pre-tax profits at £215,000, compared with

pate that the interim dividend to be paid in July would be similar to the previous 7p.

Investment income totalled £190,000 (£182,000) and net rents came to £5,000 (£8,000). Realised and unrealised surpluses on sales and revaluations of properties and invest-ment were credited direct to general reserve.

on the security market share came to 0.33p (2.06p).

Despite difficult trading conditions turnover for the remaining security business remained level with last year. The improvement in the underlying sales trend, together with an estimated

temporary decrease in the CCTV market size of 15 per cent, meant the group had sub-stantially increased market penetration and turnover for its core security business Gross margins were being

fund £3m expansion

SW Wood, the metals trader which recently diversified into packaging and printing with August's acquisition of Proofed Packaging Printers, has made another purchase in the sector. It has acquired Grange Group, a specialist magazine printer, for an initial £1.37m cash and the issue of 2.34m

eration, up to a maximum of 11m, is dependent of Grange's pre-tax profits in 1992 and is payable in cash or shares, as Wood chooses. Wood is financing the initial

Grange made pre-tax profits of £278,000 in the nine months to September 30 1991 and net assets were £872.000 at that date. More than half its current turnover derives from regular journal work from publishers

up 51% to £5.3m

Careful control of cash and overheads boosted pre-tax profits at Technology Holdings by 51 per cent in the year to June

Profits for this computer distributor, systems supplier and computing services company, were £5.3m (£3.5m) on sales ahead to £130.2m (£127.2m). Privately held, the company

was formed by a management buy-out from MBS, the computer distributor, in February 1989. Retained profit for the year totalled £7,08m (£3.52m) after taking into account an extraordinary gain of £2.04m through the redemption of a

and managing director, said that comparatively flat reve-nue growth hid a number of

now comprised less than 20 per cant of turnover and about 3 per cent of profit.

£55,606, against £44,777 in the previous year, giving earnings per 10p share of 0.23p (0.19p). The single distribution for the year is up to 0.24p (0.2p).

sumer products company, has made its first investment in food manufacturing in eastern Europe by acquiring the ice Hungarian state-owned dairy

invest \$10m (£5.5m) in the Hungarian business, to increase production capacity five-fold by next year and develop a national distribution system. VMTV began importing Uni-lever ice cream from Austria last spring, since when the companies' combined sales

have amounted to about 3m lit-res. Hungary's total ice cream

Chartwell makes

Chartwell Group, a maker of floor coverings, suffered from from £8.24m to £6.09m and pre-

The results include sales of £1.49m and losses of £51,000 attributable to Plasmarc, which has since been sold for

Directors said the disappointing results stemmed from the recession in general and the severe slump in the construction industry. There was little sign of recovery, they

1,840 3.272 Net assets (as valued) per share - cents

DECLARATION OF FINAL DIVIDEND

from the share transfer offices and the London Office of the Company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the Company on or before 31 January 1992 in accordance with the

By order of the Board, per pro GOLD FIELDS CORPORATE SERVICES LIMITED, London Secretaries S. J. Dunning, Secretary. United Kingdom Registrar: Barclays Registrars.

Bourne House, 34 Beckenham Road

PACIFIC GROWTH FUND 2, boulevard Royal

L-2953 Linembourg R.C. Lanembourg B 23332

DIVIDEND ANNOUNCEMENT

PACIFIC GROWTH FUND will pay a dividend of USD 0,20 per share on the shares outstanding on January 21, 1992. Shares will be traded ex-dividend as from January 21, 1992.

The payment date will be on January 28, 1992. The dividend is payable to holders of bearer shares against presentation of coupon no 6 to the following bank:

Banque Internationale à Luxemboura

2. boulevard Royal L-2953 LUXEMBOURG Grand-Ducky of Luxembourg

THE BOARD OF DIRECTORS of PACIFIC GROWTH FUND

Providence Prince for . Place Prince for Teaching Tracking on \$1.00000 And Market Marke

Subordinated Floating U.S.

condition 3 (ė, V).

down 27% AN IMPROVED second half enabled Davenport Vernon, the multi-franchise motor dealer operating from 17 locations, to

tember 30 1991. The profit worked through at £1.43m (£1.96m) after being 50 per cent behind at the halfway mark. Mr Ralph Denne, chairman and managing director, said the increase in activity was particularly evident between July and September, and reflected a better level of

customer confidence which continued into the current Although difficult conditions continued, he said "our experience at Davenport Vernon is that this recession has not been as severe as those of 1975

Pre-tex profits at PWS Holdings, the Lloyd's reinsurance broker, expanded some 7 per

However, Lord Pearson of Rannoch, chairman, was guarded on current trading: which we operate are in a state of considerable change. It is not possible to be at all definite

£944,000 to £217,000.

Property gains of £518,000 (2408,000) were taken above the

per share.
That compared with 188.8p stx months earlier, and with 107.4p at the end of 1990.

in the Far East.

Total income for the year fell from £2.93m to £2.69m. Earnings dropped to 1.4p (1.76p) but the dividend is lifted to 0.825p

Net asset value for the invest-

Total income for the half year was £835,000 (£668,000) for pre-tax profits of £592,000 (£589,000) including profit on changes of investments of

dividend of 0.375p.

Thomas French & Sons, which makes decorative products for home furnishing including Rufflette curtain tape, showed a measure of recovery in the

years - £2m for 1988-89 and £1.5m in the preceding period. Sales fell from £18.5m to £13.7m but trading profit improved from £820,000 to £941,000. About 28 per cent of the sales ecline was the result of withdrawing from some business areas, and 7 per cent was attributable to continuing

than countered by cost-cutting 12 per cent and profit per employee almost trebled. Interest costs were cut substantially to £188,000 (£452,000), stemming from tight control of

which is simed is long-term is again 2.175p for an capital growth, stood at 125.5p unchanged total of 3.625p.

NEWS DIGEST

Hampson Industries, the West Midlands-based industrial com-pany, said it was still awaiting

39 per cent. However, Mr John Wardle, chairman, said the second half

Earnings per share were 12.41p (12.62p). Directors antici-

Restructuring hits Norbain Electronics

The restructuring at Norbain Electronics, aimed at focusing affected the performance in the half year to October 81 1991. Sales fell 29 per cent to 25.75m (58.14m) while pre-tax profit slumped 84 per cent to £33,000 (£205,000). Earnings per The results reflected the dis-

posal of the Technology divi-

sion and an increase in bad

debts.

SW Wood issue to

new ordinary shares. At Wednesday's closing price of 72%p, the aggregate consider-ation is £3.06m. Further consid-

cash element of the acquisition with a placing and open offer of 3.91m new ordinary shares at 65p apiece to raise 62.1m net.
The offer is on a 1-for-2 basis.
The balance of the proceeds
will increase cash resource.

such as Euromoney, Centaur and International Thomson. Technology Hldgs

vendor loan note. The final dividend is 2.5p for a total of 8.1p. Mr Derek Lewis, chairman

High volume, low profit services were dropped in favour of products and services offering higher margins, Mr Lewis said distribution

changes as the business was redefined.

Group Development lifts net asset value

Net asset value of Group Development Investment Trust rose from 34.5p to 39.5p in the year to September 30 1991. Net revenue amounted to

Unilever acquires Hungarian group Unilever, the Anglo-Dutch con-

No price was disclosed but Unilever said it planned to

consumption is about 30m litjust £41,000

deteriorating trading condi-tions and saw turnover fall tax profit from £564,000 to £41,000 in the half-year ended September 30 1991.

Barnings amounted to 0.4p (5.9p).

Aluminium leads advance in base metals markets

By Kenneth Gooding, Mining Correspondent

THE PRICE of aluminium, which usually leads metals in and out of recessions because it is used in such a wide variety of products, rose steeply again yesterday, recording an advance of 8 per cent in two

This triggered rises in other This triggered rises in other base metals prices on the London Metal Exchange but most analysts suggested the movement was based on technical factors and not by fundamental changes in outlook, which was still grim.

The nickel market did have

some news to chew over, however, because a local newsnaper in the town of Nikel on the Kola peninsula quoted Mr Boris Yeltsin, the Russian President, as saying the huge nickel complex in the area should be closed because it was by producers. Mr Robin Bhar,

Analysts pointed out that Mr Yeitsin said this should happen after Bussia switches to a free market economy and that that could take a very long time. They also doubted whether Russia would easily give up such a large foreign currency

earner.
Nickel's three-month price
on the LME last night closed
\$195 a tonne up at \$7,597.50. from \$1,140 a tonne early on Wednesday to a peak of \$1,230 yesterday before easing back to close at \$1,211.50, up \$23. Analysts suggested that commodity investment funds were active in the aluminium mur-ket this week and this

snalyst at Carr Kitcat & Ait-ken, part of the Banque Indo-suez Group, said this indicated that "aluminium producers feel that the market will get teel that the market will get worse before it gets better." However, Mr Nick Moore, analyst at Ord Minnett, a Westpac banking group subsidiary, said there were good reasons to believe that, for aluminium, "from here on things don't get worse, they get better." It was typical of aluminium "to recover early and powerfully"

recover early and powerfully from recourion.

The LME said again yester-The Lank said again yester-day it would continue to moni-tor the zine market closely because of the technical tight-ness for metal for delivery in February. But it lifted the 255 a town dally list at the 255 a tonne daily limit on the copper backwardation imposed on

Zinc missing from statistics

NEARLY 100,000 tonnes of zinc cannot be accounted for by pre-liminary 1991 statistics drawn up by the International Lead and Zinc Study Group and

and Zinc Study Group and some of it is likely to show up in stocks early this year.

Already by mid-January London Metal Exchange stocks showed a rise of 6,000 tonnes and the ILZSG points out that this covered only Special High Grade zinc and excluded any warehouse stocks of High warehouse stocks of High Grade or GOB (Good Ordinary Brand) metal, which go unre-

The organisation also suggests that "consumption in len by large exports to the west

be slightly higher than the pre-liminary assessments when consolidated annual data are fully complete"

Preliminary figures indicate that zinc consumption last year fell by 58,000 tonnes or 1.1 per cent to 5.2m tonnes while both mine and refined metal output advanced to new records: mine production was up by 127,000 tonnes or 2.4 per cent to 5.473m while refined metal moved up by 113,000 tonnes or 2.2 per cent to 5.298m

from the former eastern bloc countries. Net exports rose from 39,000 tonnes in 1990 to

Taking this into account, total apparent supply exceeded consumption by about 170,000 to 180,000 tonnes. In 1990 there was a supply deficit of 68,000 However, compared with the

indicated supply surplus of at least 170,000 tonnes last year, reported stocks at the end of 1991 were up by only 74,000 tonnes to 624,000 tonnes. The ILZSG is now start trawling

US company plans Russian gold search

CYPRUS MINERALS, the second-largest US copper producer, hopes to be the first American company to go mining for gold in the newly independent Republic of Russia, writes Kenneth Gooding.

However, Cyprus says suggestions that its Cyprus Gold subsidiary is ready to invest \$50m on a joint venture in Russia's main gold producing region, Magadan in the far east of the Republic, are very wide

By K.K. Sharma in New Deihi

open market. Wheat prices have been ris-

from the official stocks for the

public distribution system.

of the mark.
Mr Michael Rounds, a

Cyprus official, said: "We have been negotiating with the Russians since October, 1990, but there is still a great deal of work to be done before we get any agreement. It is certainly much too early to put a dollar

amount on any proposal". He was responding to a report by Russia's Interfax news agency quoting Mr Ilya Rosenblum, president of Geo-India decides to import wheat

THE INDIAN government farmers and distributors have of wheat, thought to be over

decided yesterday to import 1m been hoarding stocks.

5m tonnes. This figure is tonnes of wheat to bring down

The surprise decision was bound to increase with the har-

tee on prices and will mean that India, which is a surplus

grain producer, will become an

importer again after many

India has substantial stocks

metall, with which Cyprus has

been negotiating. Mr Rozenblum was quoted as saying a joint venture with Cyprus would re-work two gold cyprus would re-work two gold deposits that had not been very profitable when Soviet methods were used. He said, however, success of the venture would depend on the Russian government allowing Cyprus to keep 25 to 30 per cent of the gold — but the agency gave no

crop, which is expected to be bumper one.

The import plan highlights the determination of the gov-erament to check inflation,

running now at 14 per cent.

sugar quota gold - but the agency gave no indication of expected output. By Canule James In

on its European Community sugar export quots for the past three years, Guyana expects to meet the 167,000 tonnes quots in full this year, according to government offi-

by the end of June, will be supplied from a better-than-expected second harvest last year, which yielded 115,000 tonnes, and from this year's lirst harvest.

Oil prices rally on hopes of output cuts

OIL PRICES bounced back yesterday as the market was cheered by willingness among producers from the Organisa-tion of Petroleum Exporting Countries to shave output. The price of North Sea Brent crude oil for March delivery was 22% courts higher at \$18.12% a

By Deborah Hargreeves

The market has risen by almost \$2 a barrel so far this week following successive amountements from Opec announcements from Opec members that they would ent output. The cuts of some 50,000 harrels a day each are nominal, but the co-operation between producers has led the market to loop that agreement will be reached swiftly to make more meaningful cuts at Fabruary's meeting.

February's meeting. Nigeria became the latest Nigeria became the latest Opec member to signal its unwillingness to accept lower prices yesterday when oil minister, Mr Jibril Aminu, said the country would cut back by 50,000 b/d. Nigeria followed the lead by Venezuela last week and the amountment by Libya on Tuesday that it would cut 34,000 b/d. Algeria also indicated yesterday it would be willing to make a voluntary cut in output. The oil market is, in part, reacting to uncertainty east

reacting to uncertainty cast over Algeria's oil sector by the country's political problems and the rise of religious funda-mentalism, which could put

off western investors. The smaller producers who called for an emergency Opec meeting when prices tumbled late last year, are giving a clear signal to Samii Arabia, the export leader, that they will co-operate with produc-tion cuts. Sandi Arabia, Opec's largest producer, is unwilling to carry the burden of cutting lack alms,

Oil prices in New York rose by some 46 cents to \$19.36 a barrel for the March futures contract in late trading yester-

Guyana to meet

AFTER DECLARING shortfalls

Saudis give green light to NZ sheep

NEW ZEALAND appears NEW ZEALAND appears poised to increase its profitable live sheep trade with Sandi Arabia following successful talks on health regulations with the Saudi government. New Zealand has emerged as the main exporter of live sheep to Sandi Arabia since exports from Australia began to decline in 1969 following Saudi complaints about the health of some animals. soons antmala

Mr John Falloon, the New Zealand agriculture minister, said the talks had been complex and difficult, but had resulted in an understanding that would allow the trade to New Italian and Lam live sheep to Saudi Arabia last year, including 500,000 intended for the Haj religious festival. Exports are likely to

increase this year in the absence of competition from The trade has been an important success story for New Zealand trimen at a time when many have suffered financial hardship as a result of falling wool prices, mostly caused by over-production in

Live sheep have also helped to offset falling Middle Rast demand for exports of New Zealand sheep carcasses, which fall to 43,000 townes in 1990-91,

Australia

is more geared to lamb produc-tion than the fine-wool-ori-ented Australian industry.

Mr Falloon and relations in 1986-87. However, the live sheep trade remains prone to interruption because of Saudi sensitivity to real or perceived health problems, in spite of stremums New Zealand effects to guarantee the condition of

The trade is directly con-trolled by the New Zealand government, which sends two weterinsriens with each ship-

with Australia's primary industries ministry remained good, in spite of the effective transfer of the Saudi trade from Australia to New Zea-

Officials in Camberra said Anstralia expected exports to

Australian Live Sheep Exorts (millions, 1989 – 1991 average) Stand Arabia Other Middle East Yole 3.6 2.5

ment, and allows only one shiploed to be on the water at any time. New Zealand sheep sold into the trade also tend to be young animals, which are better able ammais, which are better anie to cope with the stress of the journey than the older wethers (castrated males) usually shipped to the Middle East from Anutralia.

Officials say this is because

Saudi Arabia to recommence following talks now taking place, but there is little hope of an early resumption. "We have endeavoured to negotiate with the Saudis, and we have found that extremely difficult. We so through stages

where there are glimmers of hope, and stages where there is not. Right now the talks are

still going on, but we are not optimistic," and on official.

of the structure of the New Zealand sheep industry, which

Australian officials claimed hine tongue did not exist in Australia in its clinical form (although the virus which causes it has been detected in some flocks), and pointed out that all the sheep alleged to be suffering from brucellosis were male. However, Saudi complaints continued, mostly in relation to less serious diseases such as pink eye, a form of conjunctivitis, and scabby mouth, a viral

Officials say Australia is keen to reach an accommoda-tion with Saudi Arabia, but has

The live sheep trade was worth about A\$200m in export revenue to Australia at its peak in 1988, of which about half was accounted for by exports to Saudi Arabia. Problems began in 1989, when shipments were rejected after the Saudis claimed some sheep were infected with the deadly disease blue tongue or brucellosis, which causes abortions.

Australian officials claimed blue tongue did not exist in

so far been unable to agree on a health regime that is accept-able to both sides.

Live sheep sales to other Middle Bast countries have not been affected by the dispute with the Sandis, and Australia remains a major exporter to Kuwait, Qatar, Bahrain and the United Arab Embaies.

Four sites short-listed for £25m abattoir

By Anthony Moreton, Welsh Correspondent

FORTEX, THE rapidly-growing New Zealand ment-processing company, is to set up a 225m abattoir and meat plant in

Europe.
It has identified four sites and will make a decision in May. The front runners are May. The front runners are thought to be Weishpool in Wales and Lockerhie in Scotland. Fortex is also looking at a site in the West Midlands and a fourth thought to be on the continent. The plant would employ 750 full- and part-time workers and Mr Glyn Davies, chairman of the Davies chairman of the Davies of chairman of the Development

Board for Rural Wales, said in Newtown yesterday that "the scale of this proposal is so enormous, and the impact on the UK lamb market could be so dramatic, that it needs to be very carefully considered." The plant would essentially handle lamb and other sheep

products. Under European Commission regulations that come into operation in January 1993 a big shake-up will take place in the meat-processing industry. Many small shattoirs, unable to meet more stringent health

at rick the ability of producers to sell their stock to the supermarkets under their own

markets under their own labels. There are 60 shatishes in Wales but it is thought that next year as few as four will meet the health regulations.

Some in lambs from Welsh farms are already alaughtered outside Wales and many of the 2m slaughtered within the country would, without the Fortex investment, then have to be sent, live, to other abattoirs around Britain. Under present rules these could no present rules these could no

longer be sold as Welsh lamb. Lamb can only be sold under a generic label – Welsh lamb, Devon lamb - if it is slaugh-

Forex has grown rapidly since it was set up 5 years ago and now has a turnover of \$100m. It has about a fifth of the New Kashmd market and would probably want to use a British food-processing plant for some exports to the EC. A new plant would allow New new plant would allow New Europe but also a footbold in

Plunge continues in UK farmers' incomes

By David Blackwell

UK PARM INCOMES plunged by 14 per cant last year to £1.23bn, according to the Minis-try of Agriculture's annual

report.
The figure, which reflects income for farmers and their spoules, comparen with \$1.5hm in 1989 and a peak of more than 22bn in 1984. Total income from farming, attrib-

which inclines earning accountable to partners, directors and other family workers, fell by 6 per cent to \$2.17bn.

Mr John Gummer, the minister of agriculture, said 1991 was not an easy year for Brit-

ish farmers, who continued to face uncertainty over the reform of the Common Agricul-tural Policy and the Urugusy round of the General Agree-ment on Tariffs and Trade: While agricultural productivity continued to rise (by 3 per cent), farm incomes had been hit by increased input prices (up almost 4 per cent) and

ount).
Mr David Naish, president of
Formers' Union, the National Farmers' Union, said the report made grim

(Prices supplied by Amalgamated Metal Trading)

AM Official Kerb close Open Interest

Your daily immerer \$4,000 lots

resulting.
These income statistics are

the past years but bring the industry's real income to its lowest level since the last world war," he said. The fall was all the more worrying because it had occurred in spite of a better harvest in some parts of the country.

The number of full-time to full and now stands at 178,000 compared with 183,000. The industry's bank loens and overdrafts stood at SE. Shu at the end of December 1990, compared with 56.4bn the year before. But the

SEEATRICA CE. 49,000 US galle, cente/US galls Latest Previous MicroLow

appalling. They not only confirm the downward trund of reduced interest charges to The report says the fortunes of different types of farm across the UK varied consider-ably. "In most of the country

cereal and cropping farms

fared relatively well in 1991,

but in Scotland the high yields of the previous year have not been repeated and incomes are forecast to fall." Livestock farm incomes had improved, while those on dairy farms had declined. Pig and poultry farmers had suffer sharp reduction in prices.

SCYABEANS 5,000 bu mir; cents/8005 bushel

できる。 東日報 高級事業を開発を選出していませんが、このでは、

海 蒙蒙 第一次会员 可以

WORLD COMMODITIES PRICES

MARKET REPORT

Silver closed at the highest level for six months on the London bullion market after a further strong technical rally on Comex ned commission house and fund chart-based buying on Comex pushed silver through key resistance points at 420 and 425 cents a troy ounce, easily absorbing heavy Middle East selling, dealers said. Analysts said the rally had also been sconomy is recovering, potentially boosting demand for silver, now widely viewed as an industrial metal. Silver's rise inspired an advance in the London gold resistance was hit at \$357 a trov **London Markets**

Crede ed (per borne). FOE +.025 +.025 +0.05 Dubel Brant Bland (dated Brant Bland (Mer) W.T.L (1 pm eel) (NWE prompt delivery per torme CIF) +2+3.5 +11/0 +22.0 +1.5 +0.25 +0.95 51.75p 51.50p) 215.5m -0.5 +0.5 -10.0 \$487.R £149.0 59.45c -7.5 +7.6 c-centarib. r-ringgit/kg. q-Mar i-Jen/Feb u-Jen Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan, ?Mest

on average fatstock prices. * change from a week ago. \PLondon physical markst. §CIF Rotterdam. 🏚 Buillon market closs. m-Maource, which attracted produces selling, Platinum also closed higher in London. Nymex platinum futures were ahead at midday, helped by news that South Africa's Impala had said that some expansion plans are threatened by low metal prices and labour disruptions. London cocoa prices closed ahead as sentiment was

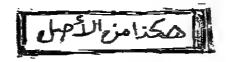
boosted by the 10.8 per cent rise in UK fourth-quarter grind figures. Cumulative ivory Coast arrivals were reported to be more than 450,000 tonnes by the end of last week but are expected to begin falling away. Chicago wheat prices were again higher at midday, with traders rejuctant to self.

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LONDON STOCK EXCHANGE

Recovery stocks attract the buyers

HRAVY switching from the cyclical stocks in the UK stock market yesterday appeared to reflect growing confidence that the UK economy will soon begin to recover from the recession. The trend was set from the US but confidence received a further boost when three leading UK home loan groups cut mortgage rates by just over half a point.

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uities continued to display volatility, however, and the FT-SE Index moved between a FT.SE inhar moved between a 13.5 fall and a 12.3 gain before closing firmly, albeit well off the top. While drug stocks were badly hit, there were substantial gains among the banks, building and construction issues and the stores.

The final hour of trading to an entire the store of the sto

saw London reacting to an

Account Dealing Dates Their Dealingue Dec 20 Jun 13 Option Declarations: Jan 9 Jan 23 Feb 6 Jan 24 Fish 7 Feb 3 Feb 17 New-time dealings near take place from \$30 art two bushness days earlier. erratic opening on Wall Street which was down 11 Dow points

which was down 11 Dow points in UK hours.

The final reading put the FT-SE index at 2.541.6, a net gain of 4.5. The index was distorted yesterday by substantial falls in such heavily weighted stocks as Glazo, which suffered one of its worst day's trading stocks as cases, which sended one of its worst day's trading and SmithKline Beecham; between them, these two pharmaceuticals took nearly 12 points off the Footsie scale.

Some Wall Street stocks were also left behind, notably Reuters, the global financial data communications group, which gave back some recent gains.

Fund managers were taking their substantial profits on pharmaceutical stocks as analysts warned that the sector might have reached its peak for the near term. Traders said that most of the cash raised by selling drug stocks was put straight back into sectors now identified as recovery prospects. Institutional business, which

Store sbares extended this week's gains, heartened both by the move towards lower has been increasing this week. remained high yesterday, with Seaq-recorded volume totalling 638.4m shares, against 673.6m interest rates and the signs that the Budget, in March, may bring reductions in personal taxation. Both moves are likely in the previous session. Stock Exchange statistics show that daily retail, or customer, busi-ness in UK equities topped the to put more money in consum-

Sibn mark in five out of the Oil shares tended to lag behind the market and Lonrho past six trading sessions.
The cut in mortgage lending continued to attract nervous rates by the Abbey National, Halifax and Nationwide, proselling as the market awaits the trading news due this vided encouragement across the range of housebuilding and

Some market strategists expressed doubts about vesterday's apparent move towards cyclical, or recovery stocks. An analyst at a leading UK investment bank commented that while such moves might be rational in the US, where interest rates are now historically low, it was less easy to justify them in the high interest rate environment of the UK.

The market paid little heed to the disclosure that domestic memployment reached a four-year high in November. Rising unemployment this year has been widely predicted by City

now believes British Steel's

dividend to be more secure.

Glynwed International was

volatile. The shares retreated in early trading after UBS Phillips & Drew slashed its

1992 forecast by £10m to £32m and raised fears about the divi-

dend. However, the shares

later recovered to end only 2 lower at 199p after buying was reported at S G Warburg.

A cut in mortgage interest rates lifted P & O, whose Bovis subsidiary is a leading UK housebuilder. The shares

Investors were cheered by the lack of bad news at Trafal-

and MEPC added 8 to

Worries that Greycoat was

rebounding 15 to 68p. BOC Group rose 11 to 646p after a well-received AGM.

MARKET REPORTERS:

Other market statistics, including the FT-Actuaries Share Indices and London Traded Options,
 Page 19.

Peter John, Joel Kibazo,

Circletopher Price

Steve Thompson.

57.90 57.48 67.07 57.07 \$7.32t 83.85 87.94 82.17 127.4 (18/9/91) (2/1/91) (9/1/35) 99.75 90.59 105.4 50.53 (16/1/92) (2/1/91) (28/11/47) (2/1/75) 99,75 99,56 99,36 99,44 99,57 91,04 2108.3 1608.3 2108.3 222.8 127.0 734.7 43.5 (11/7/91) (22/2/91) (15/2/83) (26/10/71) 7 01 7.08 17,92 17,74 Basis 100 Boxt, Sees 15/10/26, Fixed Int. 1926, Oct ●Earning Vid %(full) ●P/E Resto(Not)(☆) 7.00 17 95 A FT-SE (satisfacts 200 26/10/90 to NE 18.93 T Correction SEAO Bargne 4.45pm \$1,768 \$2,679 27,183 25,538 \$2,325 26,922 Equity Turnover(Em)\$ - 1207.5 1006.5 781.0 1133.70 520.52 Equity Bargains1 - 32,688 24,083 28,303 33,215 26,611 Shares Traded (mi)† - 548.2 425.8 381.2 556.2 367.7 GILT EDGED ACTIVITY Indices* Jan 15 Jan 14
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 5 - Day average 84.2 82.2 Day's High 2549.4 Day's Low 2523.3 "SE Activity 1974. FT-SE 100, Hourly changes Open 9 am 10 am 11 am 12 pm 1 pm 2595.8 2500.6 2525.9 2543.5 2547.5 2547.0 2546.0 2542.7 2537.0 London report and 17-52 Exercise 52, Heavily phanges Day's High 1176.36 Day's Low 1164.75 Open 10 am 11 am 12 pm 1 pm 2 pm 3 pm 1178.91 1174.25 1170.86

Trading volume in Major Stocks

Heavy setback for Glaxo

PHARMACEUTICALS group Glam saw one of its biggest falls yesterday on particularly heavy turnover. The shares tumbled sharply in early trad-ing, with one trader talking of "complete pante from the word go". They were down 76 points at one stage following a wave of salling in New York and a downgrade by one securities house. They recovered to close 50 off at 866p on 14m turnover.

The origins of the slide this weak were in heavy US selling of Merck, the world's biggest drug company, which fell nearly \$3 on Monday and \$4 on Wednesday, This was the first start. sign that US investors were moving out of defensive phar-maceuticals stocks and into cyclicals. The spotlight turned on Glam on Wednesday and, in the US, the American Depos-tiony Receipts fell \$1 % to \$32% with the equivalent of 10.4m

Then, in London, County NatWest reduced its forecasts for the company. The house pharmacenticals team cut its 1992 estimate by £67m to £1,895m and its earnings per share forecast to 32.9p from 34.6p. It said the cut reflected concerns over currency, Glaxo's anti-asthma trestment. Servent and growth prospects for its ulcer drug Zantac, which represents about 50 per-

cent of tornover. company, is on the verge of wiming approval to sell its Lansoprazole anti-ulcer drug in France and other western European countries also affected investors attitudes. Later the US investment bouse

Smith Barney repeated a buy rating on the entire drug sector and the pressure on the shares essed slightly.

The fall hit other big phar-maceuticals stocks, SmithKine Beecham fell 40 to 928p and. Wellcome 16 to 1022p.

ICI in demand

The move into cyclical stocks was of particular benefit to ICL, which jumped 35 to 1222p with 2.6m shares traded, a heavy turnover for the stock. There was interest from one institutional buyer and this accommuted the effect of a bear squeeze as traders were caught short of stock by the heavy vernight US buying
The rise did not appear to be overnight US buying.

backed up by any particular company or market stories although S G Warburg had been hidding for stock and James Capel discussed the company with clients, pointing out its "good inherent value".

TSB firmer

Preliminary figures from TSB, the banking group, showed a lapse into losses over the past year but were not as bad as some in the market had expected. They helped the shares to rally strongly from their recent substantial underperformance against the wider market and the banks sector. market and the banks sector.

The TSB share price, along with other bank shares, was also boosted by news that a number of leading building societies had cut their mortgage lending rates, a move likely to help the dormant UK honging market.

housing market.
Analysts said there was figures did not include any nasty surprises - some observers had expected TSB to record

pre-tra losses of 125m.
TSB shares, which fell away
to 112p in early December, sped
to 130p, before ending a net 8
higher at 122p. Turnover was a
helity 10m shares. Figure was brought down by US selling, but was also affected by an article in a

newspaper which claimed to have obtained documents from the US Food and Drug Administration showing "the full extent of manufacturing defects" at a Fisons plant in the UK. In spite of a Fisons

rebuttal, the shares lost 6% to 261n with 12m traded Institutions were said to have been heavy buyers of bank stocks after careful scru-tiny of the TSB figures and news of the reductions in mortgage lending rates. The mortgage moves were viewed as another move to reduce pressure on borrowers suffering

from the twin effects of high interest rates and recession. Abbey National, which insti-gated the latest round of rate cuts, jumped 11 to 295p on keen turnover of 3.4m. Barclays raced higher, closing 17 ahead at 382p on volume of 7.2m, the highest single day's turnover since early November. Lloyds surged 15 to 400p on 4.2m shares, NatWest 12 to 287p on 8.6m (the busiest day since December 5) and Midland rose

Royal outperformed the composite sector, closing 11 highe at 252p on an emerging stock shortage. Sun Alliance was heavily traded (6.4m) and edged up 3 to 279p, while Guardian Royal attracted sustained support to close 7 higher at 185p.

Excellent new business fig-mes prompted a wave of sup-port for Lloyds Abbey Life which settled 18 higher at 368p. The perception of Hanson as a cyclical recovery stock was behind a rise of 4 to 216%p with 12m traded.

Big dollar earners lost

ground yesterday. Reuters fell 25 to 1068p, Reckitt & Colman dropped 14 to 683p and Unilever lost 10 to 910p. There was substantial under-

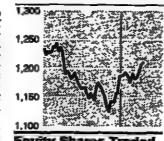
FT-A All-Share Index

construction stocks. It also

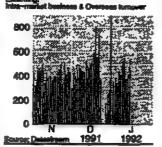
helped the banking sector by offering some relief for the weight of debt hanging over

the customers of the high street banks. Poor trading fig-ures from TSB, the former

Trustee Savings Bank, were no



Equity Shares Traded



market and the oil sector, per-ticularly Shell. BP settled 3% off at 292p on hefty turnover of 13m and Shell ended up 9 at 503p on 4.3m. A number of big US and UK institutions were aggressive switchers out of BP and into Shell.

Power generators were among the best performers in the utilities area of the market with National Power exceptionally strong, ending 7 firmer at 139p on talk of a James Capel buy recommendation. Turnover in National rose sharply to 10m. PowerGen added 4% to 146p on 2.8m. Electricity stocks, however, were mixed, with profit-takers

to 249p.

Guinness was a penny easier
at 532p with Smith New Court
the latest securities house to cut its profit estimate. The house is now looking for

11.100m this year.
Talk of analysts' downgrades
on Forte continued, aithough
there was scant evidence in the
market, leading to suggestions
of the possibility of a bear raid.
This was the proper bear the state of the possibility of the possi Kleinwort Benson became the latest broker to be said to have downgraded, analyst Paul Slattery denying the story, although he added that Kleinwort is undertaking a major review of the hotels sector. Goldman Sachs did downgrade yesterday however, shaving around 8 per cent from its profit forecasts. Forte gained a

penny to 231p.
Volume in British Steel rose
to 20m in busy trading late in
the session, and the shares gained 7 to 77p on buying from UBS Philips & Drew. company brokers, and from the US. UBS

At CHEMRING, Iac

Fairfield, former chairman,

becomes non-executive deputy chairman and Philip Billington, former chief executive, becomes executive chairman. David executive becomes non-executive deputy

executive of Chemring Ltd. is promoted to the new post

the lack of had news at Trafalgar House's annual meeting and the shares responded by adding 4 to 129p. A B Ports gained 6 to 225p on buying at County NatWest. Vickers closed 5 up at 181p on renewed talk of the imminent part-disposal of its Rolls Royce Motors subsidiary. British Land gained 5 to 255p, Land Securities rose 12 to 448p and MEPC added 8 to

TRADING in Footsie futures another bout of buying which was volatile, with the March contract traded around its fair better-than-feared UK employ-

having difficulty with its refi-nancing package for Embank-ment Place receded, the shares value premium for most of the session, writes Joel Kibazo.

March opened at a 42-point premium to the underlying cash market and continued to

advance until it was knocked back by a bout of mid-morning News of the cut in the mort-

gage interest rates by the UK's largest lenders triggered

EQUITY FUTURES AND OPTIONS TRADING

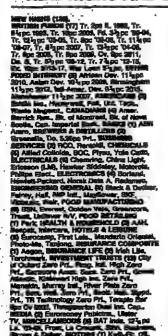
ment figures.

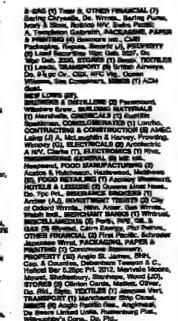
However, a poor US bond market coupled with a weak opening on Wall Street caused March to retreat, in spite of a modest rally towards the close. March closed at 2,568, down 11 on the day and some 4 points above its estimated fair value premium to cash of 23. Turnover reached 7,266.

In traded options, volume of 41,447 was again high though lower than Wednesday's 51,352 contracts. The Footsie 100 option traded 5,855 con-tracts. Hanson was the business stock option, trading a day's total of 4,630 contracts with the May 220 calls the busiest series. Cable and Wireless was the second busiest stock option with County NatWest reported to have carried out a "short synthetic".

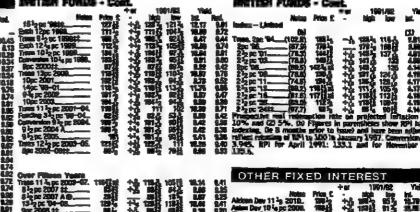
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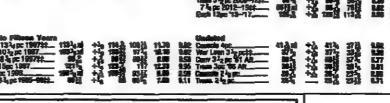
NEW HIGHS AND LOWS FOR 1991/92





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John Authors examines the Lloyd's report and asks: what's in it for a Name? Plus: the latest mortgage rate cuts, and how to choose the best life cover.

Arnold Wilson picks the world's Top Ten ski resorts.

John Hopkins previews Saturday's

What is the FT getting up to this Weekend?

rugby internationals, and Teresa McLean explains the magic and mystery of cricket.

Jancis Robinson tastes a new wine from Bordeaux, while Giles MacDonogh tries a taste of Wales

Lucia van der Post discovers how designer Marc Bohan is rejuvenating the House of Hartnell.

Christian Tyler interviews Victoria Gillick, the birth control campaigner.

> Weekend **FT** Saturday January 18

. csk Anne Whitby

Bank swap-shop

NATIONAL WESTMINSTER and TSB Group, a couple of the weaker members of the British banking establishment, yesterday both changed their chief financial officers in two highly

musual moves.

John Burns (right) leaves NatWest, his stable for the past 40 years, most recently as general manager, and group chief financial officer, to become group finance director at TSB. Burns, who is 58, had been a director since 1989. He was the best the manager of t who is 58, had been a director since 1988. He succeeds Dolf Mootham who retires after the TSB annual general meeting in March. The incoming chief financial officer at Nat West is 48-year-old American Fichard Goeltz (far right), previously executive vice-president of the Seagram company in New York. Goeltz yesterday described his mission at NatWest as helping it to become a truly global bank in the banking markets of the 1990s.

banking markets of the 1990s. While his career has been in the US, he has

visited London at least live times a year for the



APPOINTMENTS



He also already knows NatWest well from his days as a corporate finance officer. The key thing that has struck me is that all the senior

thing that has struck me is that all the semior officers of NatWest have a great team spirit and eagerness to work together," he says.

At TSB, which yesterday unveiled its first ever loss over a full year, Burns is expected to bring sophisticated corporate banking expertise to a boardroom dominated by marketing people.

It is understood he was attracted by the pros-pect of wielding very considerable influence in his new position, possibly second only to that of chairman Sir Nicholas Goodison.

Eyeing a 'spectacular turnround'

which, on Wednesday, amounted a 1579m loss for the year ending September 1991, has appointed a new finance director. David Whitaker comes to the group which own LBC radio from the college. and telecommunications

industry.
Whitaker, 42, replaces lan Stevenson, who is returning to Edinburgh to ron his own accountancy firm, but who remains a non-executive director, Crown says that the latter's departure was unconnected with the poor 1991 results originally appointed. results; originally appointed.

CROWN COMMUNICATIONS for just a year to see the company through a difficult patch, he had stayed for more than two and had made clear his intentions of going some six months ago. Crown had then appointed another finance. appointed another finance director but he died suddenly.

at the age of 40.

Whitaker was part of the cable tv revolution at its inception in 1984, first with Windsor TV, then with Cable Communications, now owned by Southwestern Bell; for the past year he has worked as a consultant to foreign compa-nies interested in breaking into UK taloommunications.

While he acknowledges the challenge of his assignment, he reckons that "given the right conditions, the tarn-round (at Crown) could be

At the same time, chief exec-

utive David Haynes, a New Zealander who has spent a large part of his working life in Australia, has promoted Australian Peter Benson to the position of group director. Benson joined Crown in July 1991 as group general man-ager, he had come from Sky Television where, as general manager, he had been

of group md.
Chris Beckett, David
Cruttenden, Dennis Kupchik
and Kevin Mellor have been
suppointed directors of UNITED INTERNATIONAL; they are all chief executives of operational divisions. Ken Secrett and two non-execs Robert Brook and Stephen Matthews have retired from

■ T&N has appointed Jim Muir and of its German subsidiary

Ferodo Beral in succession to Ian Darke who is now responsible for Ferodo Beral's aftermarket sales. Kenneth Templeton, ormerly finance director operations at TI's corporate HQ, is promoted to the new post of finance director of Bundy International Miles Vere-Hodge, formerly director of corporate finance at HQ, is promoted to another new post, finance director of John

Do It All

Crane International

Steve Russell will be the new md of Do It All on the retirement of Peter Dobson. Confu-sion may have been caused by our report in earlier editions

24	FINANCIAL TIMES FRIDAY JANUARY 17 1992
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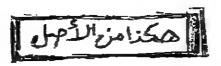
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Breeffish Breeffish Ltd (1960)# [34] | Column | C **Guide to pricing of Authorised Unit Trusts** Complied with the assistance of Lautro § Of Laufro \$\$

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MONEY MARKET FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar holds on to new gains

urites Simon London.
In Far Eastern trading the

dollar began to slip back from the high levels seen in New York on Wednesday, as some dealers took profits on long dollar positions held since last

at around the DM1.6150 and Y127.50 levels as operators with an optimistic view of the prospects for the US currency stepped in. By the close in Tokyo, the US unit stood at DM1.6225, from DM1.6235 in New York, and Y128.43, from Y128.55.

However, selling pressures again emerged in early European trading. The dollar was pushed down to DML6065 and Y127.65 at one stage before

rebounding.
In addition to profit taking pressures, traders said rumours that the Group of Seven industrial countries will intervene to cap the rapid appreciation of the dollar had lunted positive sentiment.

Yet no central bank intervention was forthcoming and central banking sources made no overt comments on cur-rency rates. By mid-morning in London, the US unit had been

E TH NEW YORK

the same of the same					
Jan 16	Late		Prenting Close		
4 Spot	tis				
Forward premises and discussion to the US dellar STERLING INDEX					
		Jan."		Previous	
8.30 am 9.00 as		朝		90.3 90.3	

CURRENCY MOVEMENT				
Jan 16	Bande of England index	Horgan Generally Changes %		
Starting of S Dollar Committee Dollar Amstrian Schilling Delejan Franc Deutch Knose D-Mark Swiss Franc Dusch Knose Presch Franc Presch Franc	90.0 63.4 103.6 109.9 118.7 109.0 118.7	2144 -144 -144 -144 -144 -144 -144 -144		

183

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S Dollar S D	- 555 575 575 565 565 565 565 565 565 565	0.788264 1.366731 1.60	0,716233 1,36381 1,49881 14,3987 7,90638 2,03854 2,25385 6,95395 1136,40 1161,608 8,01473 129,453 7,4253 7,4253 1,80968 235,082 0,745417
DOM: USE US	200		

OTHER CURRENCIES					
Jan 16	£	- \$			
Argestina Aestralia Brazil Brazil Finland Greece Hong Kong KornetStid KornetS	1,7420 - 1,7450 2,3465 - 2,3485 1075,10 - 2076,15 7,730 - 7,750 24,400 - 331,150 13,4265 - 1,7450 13,4265 - 1,156,150 13,4265	0.998 • 0.9910 1.3440 • 1.3450 1.78,00 • 1179,00 4,4030 • 4.4060 1.04,100 • 187,200 1.04,100 • 187,200 7,940 • 7,7450 1,28,00 • 0.28,00 33,25 • 33,35 2,707 • 2,705 1,890 • 1,8515 3,745 • 3,7515 1,6420 • 1,8515			
S.Af (Cm) S.Af (Fil) Turnan U.A.E	4,9380 - 4,9500 5,7220 - 5,8170 44,35 - 44,45 6,4070 - 6,4036	1220 - 1300 220 - 1300 230 - 525 1071 - 3472			

MONEY MARKETS

the market, writes Simon Lon-

The Bank of England fore-

cast a £1.7bn shortage during the morning session, later

revised upwards to £1.8bn.
As with other recent liquid-

ity shortages, the main factors draining funds from the mar-

ket were maturing assistance totalling £832m and exchequer

transactions, mostly tax pay-

However, while the Bank of England has provided early

relief in recent days to keep a

UK clearing bank base lending rate 1815 per cont know Medicales 4, 1971

lid on overnight money rates,

yesterday there was no substantial liquidity injection

until the afternoon session.

Facing a £2hm biquidity squeeze

again today, operators preferred to hold on to paper rather than taking funds from the Bank.

Early assistance amounted to just £158m, comprising a

small outright purchase of band I bank bills at 10% per cent and a £128m purchase of

bills for resale to the market

on February 3 at 10% per cent. Later in the morning session.

ments, of £790m.

Liquidity squeezed

UK short money rates were squeezed sharply higher yesterday as taxation payments continued to drain funds from for repurchase on February 3

The dollar dipped briefly on the announcement of US infalwas broadly in line with expec-tations but underlined that the monetary authorities have room to lower interest rates

again.
The consumer price index rose 0.3 per cent in the month, against expectations of a 0.2 per cent rise, bringing inflation

per cent rise, pringing innation to a year-on-year rate of 3.1 per cent for the whole of 1991, from 6.1 per cent in 1990. The dollar closed in London at DM1.6185, from DM1.6220 on Wednesday, and Y128.30 from Y128.40 Analysts said that the US

currency is now constrained within a DM1.6280 to DM1.60 range, with little clear direction. The rally last week and this week was driven largely

The dollar shook off profit-taking pressures yesterday to retain most of the gains made in its spectacular raily on Tuesday and Wednesday,

The dollar shook off pushed back up over DM1.6150 by technical trading by intermediaries, with little change in the underlying economic fundamentals. Until some more conclusive economic data is the appropriate of US infol. release, the prospects for the

dollar will remain clouded. Within the European exchange rate mechanism. sterling remained the weakest currency, pinned to the outer limit of its permitted diver-gence from the Spanish peseta, the strongest currency. Sterling traded within a nar-

row range between DM2.8450 and DM2.85 for most of the day, pushing up above DM2.85 in late afternoon and closing at DM2.85 exactly, from DM2.8475 on Wednesday. However, this remained only

nowever, this remained only just above the UK currency's effective floor within the ERM. The Spanish currency also appreciated slightly against the D-Mark, closing as Pta63.43 from DM63.495 on Wednesday, lifting the floor for starling.

EMS EUROPEAN CURRENCY UNIT RATES								
	Ecu Central Bates	Correctly Acceptant Appliest Con Jan 16	% Change Trons Checrosi Rate	S Spread es Westess Correccy	Divergence Indicator			
Spanish Penera Datch Galider Scriptan Franc O-Mark Irish Penet Irish Penet Italian Lina Zanish Krone French Franc Sterling	133.631 2.31643 42.4032 2.05586 0.767417 1538.24 7.84195 6.89509 0.696904	129,453 2,29588 41,9907 2,03864 0,765417 1536,40 7,90678 6,95395 0,716233	-115 -0.89 -0.84 -0.84 -0.12 -0.83 -0.85 -0.85 -0.77	5.09 3.80 3.81 3.64 3.90 1.90 0.00	ляво-траф			
lica gentral rates set by t	ke European Cour	exission. Currencie	are in descending	relative strength. i	ercentage change			

CONTAINED BY BY THE CONTROL CONTROL OF CONTROLS AS A DESCRIPT LEGISLARY MATERIAL LANGUAGE CONTROL
l central rates set by the emopean Commission. Commission are to descending relative strength, percentage cogney for Eric, a positive change demotes a weak contency. Divergence shows the ratio between two spreachs th
centage difference between the actual market and Ecu central rates for a correspy, and the maximum permitte
realized designifies of the converse's number rate from its East control page.
estment situated in Florada Times.
T.

Jan 16	Day's spread	Close	Con month	12	Three more/s	P.E.
S color lands, eligions, eligions, eligions, eliands, el	58.40 - 58.95 11.0120 - 11.0750 1.0665 - 1.0720 2.8410 - 2.8525 245.45 - 248.00 180.15 - 181.30 2141.45 - 2154.50	17600 - 17618 20240 - 20250 32050 - 32150 9255 - 98.65 110660 - 110750 110705 - 10715 24675 - 2468.25 112175 - 112275 112175 - 112275 10.3875 - 10.3875 10.05 - 20.08 12550 - 25350 13985 - 13995	0.97-0.95cm 0.64-0.77cm 8-3-3cm 0.55-parces 0.55-parces 1-10-en-5 24-30-en-5 1-30-en-5	1.55 3.59 0.53 1.55 1.77 1.77 1.77 1.77 1.77 1.77 1.77	277-278-2 277-1-2-5-2 277-1-3-3-2 277-1-3-3-2 277-1-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3	and descripted indexes

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR										
Jan 16	Ouy's spread	Clase	One month	% p.i.	Three months	ř.				
Kr	1.7935 - 1.7695 L4410 - 1.8885	1.7600 - 1.7610 1.6410 - 1.6420	0.97-0.95cm 0.90-0.85cm	6.54 6.40	2.73-2.70pm	49.0				
onda Ourlands	13095 - 1336	1.1540 = 1.1550	0.28-0.30cds 0.82-0.85cds	-30	0.80-0.8544	-8				
ician	33.10 - 33.40	33.25 - 30.35	13.00-16.00cds	74	2,34-2,38db 39,00-44,00db	1				
omark	6.2300 - 6.2950	6.2850 - 6.2900	2.95-2.25 mm	-5.92	1.50-9.10ds	-5.				
rivers	1.6065 - 1.6270 140.10 - 140.75	1.6180 - 1.6190 140.65 - 140.75	0.73-0.74pfdis	-545	2.09-2.11dis	-5.				
10gm	WZ35 - 103.10	10215 - 10275	121-129cds 69-72cds	10.62	326-341db 202-210db	4				
by	1212.50 - 1224.30	1219.75 - 1200.25	7.70-8.20Sreds	-7.82	22_40-23,40:8	7.				
	6.3200 - 6.3800 5.4820 - 5.5450	6.3725 - 6.3775 5.5150 - 5.5200	3.25-1.60mm/m 2.44-5.73±/m	4.5	9.55-10.05G	*				
	3.000 - 3.92%	5.W00 - 5.9050	4.10-4. Karolis	-5.66	7,72-7 N2-6 11,40-11,85-8	-5				
العدم	127.65 - 128.55	128.25 - 128.35	0.12-0.13 ₇ dk	-1.37	0.31-0.33dls	-1				
He la		1.4365 - 1.4375	5.05-5.50grafts	-5.58	14.50-15.700	Sep. 5				
	1.4250 - 1.4490 1.2530 - 1.2660	1.2565 1.2575	0.67-0.64app	-3.63 6.25	1.21-1.26ds 1.66-1.61am	-2				

EURO-CUMRENCY INTEREST RATES										
Jan 16	Stori, iarm	7 Days	Den Mosth	The Mostle	St. Mortin	Gue View				
tartino S Dellar S Dellar Son Dollar Son Dollar Seria Galdiar Less Franc Less Less Less Less Less Less Less Less	13 - 17 - 20 - 20 - 20 - 20 - 20 - 20 - 20 - 2	通事におけるのでは、 の事事におけるのでは、 の事事を の事を の	13 - 400 - 60 - 70 - 70 - 70 - 70 - 70 - 70 -	14 - 6 - 6 - 6 - 6 - 6 - 6 - 6 - 6 - 6 -	10 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	10% - 18% 45g - 44g 75g - 69g 75g - 77g 95g - 95g 1125 - 1146 40g - 95g 20g - 35g				

Cin. Dollar Dorch Gelder Smiss Franc D-Blant Fresch Franc Hallas Liru. Helgian Franc Yen Danish Koma Anian SSing.	79.00 10 10 10 10 10 10 10 10 10 10 10 10 1	TO THE STATE OF TH	68 - 68 68 - 68 74 - 74 69 - 94 115 - 111 94 - 94 54 - 54 161 - 18 24 - 24	74 の の の の の の の の の の の の の の	100 100 100 100 100 100 100 100 100 100	**************************************			
Long term Eurodolfans: two years 5½-5½ per cent; three years 5½-6 per cent; from years 6½-6½ per cent; five years 7-6½ per cent nominal. Short terms rates are call for US Defines and Japanese Yes; others, one days' notice.									
EXCHANGE CROSS RATES									

im.16		\$	DN	Yes	F Ft.	\$ Pr.	# Fi.	Ling	Œ	B Fr.	Ecu
£	1	1.761	2.850	225.8	9,713	2.530	3.210	2148.	2.025	58.60	1,399
\$	0.568	1	1.618	129.2	5.516	1.437	L823	1220	1.150	33.28	0.794
D M	0.351	818.0	1	79.23	3.400	0.880	L136	753.7	0.711	20.56	0.491
TEN	4.429	7.799	12.62	LOOG.	43,02	11.20	14,22	9513	8,968	259.5	6.1%
FFr.	1.030	1.813	2,934	232.5	10.	2,605	3,305	2211	2.085	60.33	1.440
S Fr.	0.395	0.696	1.126	89.25	3.83	1	1.269	849.0	0.800	23.16	0.553
K FL	0.312	0.549	0.888	70.34	3.026	0.798	1	669.2	0.631	18.26	0.436
Uga	0.466	0.820	137	105.1	4,522	1,178	1,494	1000.	0.90	77.28	0.651
C\$	0.494	0.870	1.407	1115	4,797	1.249	1.585	1061	1	28.94	0.603
B Fr.	1706	3,005	4.863	385.3	16.56	4.317	5.078	3666	3,400	100.	2.387
i de	0.715	1.259	2.037	161.4	6.943	1.808	2.294	1535	1,447	41.89	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Beighen Fr. per 100

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FINANCIAL	FUTURES	AND	OPTIONS

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Drive California Prince P		Sing Calis-self-ments
LIFFE EUROMANN OPTIONS Dillin mints of 180%	LIFFE ITALIAN COYT, AGAID CATH FUTURES OPTIONS Lin 220m 1000m of 100%	LOTE SHORT STEELING (PTERS)
Strike Calls-settlements Pots-settlements Pots (1872 - 1973 - 1971 - 1972 - 1973 - 197	Extent City-particulars Pro-sectionars Pro-sectiona	Scritz Cath-pertienents Puls-rettlements Fittis Mar Jun Mar Ju
29-YEAR 9"- HITTOMAL GILT " 150,000 32-6; et 100";	U.S. TREASURY BOOKS CETT 8*. S100.000 State of 150%	APANESE YEN IDEN! Y12 See Y 200
Once H-5t Low Free May 77-14 97-26 96-31 97-36 97-14 97-26 96-31 97-36 97-14 97-26 9		Man Lates High Low P. 1 Jun 0.7552 0.7757 0.7752 0.7755 0.7758 0.7755 0.7758 0.7755 0.7758 0.7758 0.7759 0.
Mar 102-21 103-04 107-17 103-11 Jun 101-19 102-09 101-19 102-09 Estumpter returne 2588 73800 Prenous dry's open int, 4115 (3341)	U.S. TREASURY BILLS QUARY Dim swints of 1997	Mar 06132 06153 06117 88 Just 0.6060 0.6075 0.6045 0.6 Sep 0.6061 0.6001 0.50
08250,960 100ths of 186%	Lieux High Las Pro	

Esturated valuers 58553 (76864) Previous day s open let. 114223 (114729) Estimated unione 557 (32b) Tracked exclusively on APT Cess High Low Fr. 103.39 103.39

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BCD BOND OLKTON March 169,34 109 04 -0,22 Estimatel rolume 3,475 Total Open Interns. 6,390

915 915 915 915 915

Class High 98.35 98.57 98.47 99.55

Escientel volume 5709 (1222) Province day's dass lac. 26244 (250)(0 FT-ASE 100 CHOICE *

FT-SE EUROTRACK 100 BIOEX 19650 per hall lader pulat TITIO Case Estimated volume 0 (0) Previous day's open int. 137 (137) * Contracts trained on APT, Cloting prices shows.

POUND - DOLLAR FT FRIEDEN EXCHANGE MITES

1-min. 3-mil. 6-mil. 12-mil. 17509 17303 17007 16677 A marrier US Ordina

NEW YORK		Treesury Bills and Bonds					
Luncintime Price rate Broker kase rate Fed hunds Processes at Intervention	61g	Une month		3.88 Four: 3.91 Five: 4.02 Sents 4.14 10-m	8 Four year 6.37 1. Five year 6.31 2 Seetin year 7.08 4 10-mar 7.63		
Jan.16	Distriction	One	Two Mentiles	Three Months	Six Mostis	Interestion	
Frankfurt Paris Paris Zerich Ansstedam Tokyo Affilan Brossels Dublie	9.40-9.50 95-94 64-71- 9.00-9.13 531-54 12-124- 9.31-9.43 103-103	9.00-9.50 91-97- 71-71 9-0-9.50 5-1-5-1 12-3-12-1 10-3-10-1	9.40-9.50 93-93 101 ₂ -105	9.46-9.46 914-91 71-714 9.33-9.45 12-121 ₉ 93-92 104-101 ₂	9.50-9.40 95-95	9.75 9.60	

for repurchase on February 8 on the same terms.

Bank step in to relieve the squeeze in institutional

liquidity which saw overnight money rates rise to 30 per cent cent for a short time.

Early afternoon assistance totalled £642m, again a mix of

the outright purchase of short

maturity band 1 and band 2 bills and a further £96m paper

for repurchase.

Late assistance totalled 2560m, bringing the total

Only in the afternoon did the

level, unchanged from Wednesday. In Frankfurt, short rates eased for the second day running following the Bundesbank's net liquidity injection of DM7.3bn on

Wednesday. Call money traded mostly at 9.45/50 per cent, from 9.45/55 per cent on Wednesday and 9.55/60 per cent earlier in the

FT LONDON INTERBANK FIXING COLOR and Jan 160 I sensite 155 delices The fitning rates are the artiferratic musts remaind to the source one-deutered, a second to the startes by the reference banks at 11.00 a.m. cach warring day. Bank, Bank of Tokyo, Destrote Sank, Banque Hatlongi de Park and Marque et oor datamit, of the tot and offered case for Sillin and working day. The basis any Rathami Westmissian Paris and Margan Gannets Treet.

MONEY RATES

Prices rate Broker ican rate Fed funds Put funds at Intervention	6 6	hree canth it mosts he year lwo year		5.65 Touryear 5.3 3.91 Fine year 7.0 4.02 Seets year 7.0 4.14 10-year 7.6 5.05 30-year 7.6			
Jan.16	District	One	The Mettin	Three Months	Six Mostles	Interestion	
Franklyet Paris Zerich Amsterdam Tokyo Millan Brassels Dublia	9.40-9.50 93-94 64-71 9.00-9.13 543-124 9.31-9.43 10:3-10-3	9.09.50 93.97 71-73 9.39.50 54-52 123-124 101-101	9.40.9.50 9493 101 ₂ -105 ₁	9.46-9.50 91-93 71-93 9.33-9.45 12-121 93-95 104-102	9.50-9.40 91-91 101-101	9.75 9.60	
	LOND	ON M	ONEY	RATI	ES		
		7 4	1 Am	73	81.	8	

sank Offer		7 days notice	Month	Months	Months	Ves	
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ary 611is (Bary) Bills (Bay) Trade Bills (May) Tob. Laked Dep. Offer Listed Dep. Bid Listed Dep. Bid Listed Dep. Bid		1	104 - 4.17 - 4.17 - 4.17 - 4.17 - 4.17 - 4.17 - 4.17 - 4.17 - 104	10 101 4.17 61 61 104	1955 1955 1955 1955 1955 1955 1955 1955	4.48 63 60 10 93	

Tressury Bills (sell); one-month 10% per cent; three months 9% per cent; six months 9% per cent; Bank Bills (sell); one-month 10% per cent; three months 10% per cent; resource Bills; Average tender rate of discount 9.9712 p.c. ECGD Fixed Rate Sterling Export. Finance, Malic up day December 31, 1991. Agreed rates for period 14m.25, 1991 of February 25, 1992, Scheme 11, 180 p.c., Scheme 16 ill: 12.06 p.c. Reference rate for period lev 30, 1991 to December 31, 1991. Scheme 16 ill: 12.06 p.c. Reference rate for period lev 30, 1991 to December 31, 1991, Scheme 174V-10.812 p.c. Local Authority and Finance Houses seven days' motion, others seven days' fixed. Finance Houses Base Rate 11 from January 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit Series 6; Deposit 100,000 and over held under one month 7 per cent; one-three months 9; per cent; three-six months 9 per cent; six-oline months 9 per cent; nine-twelve months 9 per cent; three-six months 9 per cent; six-oline months 9 per cent; nine-twelve months 9 per cent; three-six months 9 per cent; six-oline months 9 per cent from Sept 5, 1991, Deposits withdrawn for cash 5 per cent.

Tenneco Inc HOUSTON, TEXAS

1992



Herry Anstracter
 A C Menchant Blank

Bask of Baroda Banco Bilbao Vizsaya Bask of Cypros

Bendamark Bank Beit Bik of Mid East

Crybestale Bank

Citibant RA

The 1992 first quarter dividend of 40¢ per share on the Common Stock will be paid March 10 to stockholders of record on February 14. About 121,000 stockholders will share in our earnings. Karl A. Stewart, Vice President and Secretary

10.5 • Hamptine Trist Ptc. 13.5 • United Bk of Kowaft, 10.5 Logs Bank Ltd. 10.5 Westpac Bank Corp. 10.5 Westpac Bank Corp. 10.5 Westpac Bank Corp. 10.5 Westpac Bank Corp. 10.5 Logs Bank Ltd. 10.5 Vortshire Bank Corp. 10.5 Logs Bank Ltd. 10.5 Logs Bank Ltd. 10.5 Banking & Securities Houses Meghray Bank Ltd. 10.5 Banking & Securities Houses Meghray Bank Ltd. 10.5 Banking & Securities Houses Meghray Bank Ltd. 10.5 Association.

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10.5 Giorbank

McDossell Douglas Bak. 10.5 Midland Bank 10.5 Mosst Banking 10.5 Kell-Mosselman

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Money Market Trust Funds

Money Market

date Bank PLC

ND 557 55.25 54.57 57.56 57.56 57.56 57.56 57.56 57.56

Bank Accounts Illed Treed Rest Line

JOTTER PAD

ing fit only for animals (5) Unpleasant aspect of dump-ing explosives in the ocean

(9)
7 Finding some pretext, whited for additional supplies (5)
8 Persons in the wrong environment, and suffering as a result (7)
14 It's clear Eton developed the liberal spirit (9)
16 General backing up the French in veto (9)
17 No longer sadly thinking the cost is unreasonable (2)
18 Writing a page about former exclusionatic head (7)
20 Pests to cover in a supplement (7)

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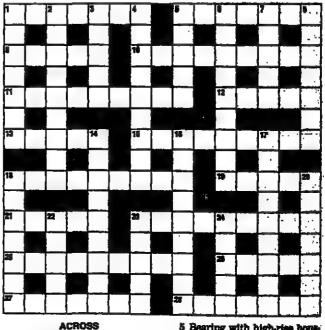
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9 Gunmen turning on a boy is a criminal offence (5)

10 A person taking care with chart preparation (9)

11 Top man's source of income

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12 Fatuous but favoured by an Oriental (5)
13 The medico behind a military body (5)
15 A tool held by simple men the wrong way round (9)
16 Luce up ten possibly, showing a certain irritability (9)
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21 The more mature tree? (5) 23 A flighty little creature jok-ing in church (9) 25 "To die will be an awfully

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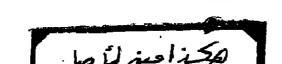
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FINANCIAL TIMES

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Equities decline despite good news on economy

Wall Street

PROFIT-TAKING was the order of the day on US stock markets yesterday morning, as share prices tumbled across the board despite good news on inflation and employment, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was down 10.74 at 3,247.76, but above its mid-morning lows when the index was more than 30 points weaker. The more broadly based Standard & Poor's dropped 3.15 to 417.62 by 1 pm, while the Nasdaq composite of over-the-counter stocks fell 4.09 to 626.73. Turnover on the New York Stock Exchange was again heavy at 218m shares. The day's economic news

should have spelled further gains for the market. The Labor Department reported a rise of just 0.3 per cent in consumer prices during December further proof that inflation is not a threat to the economy, and announced that 49,000 less people claimed state unemploy-ment insurance during the

first week of the year. The economic data, however, failed to lift prices, primarily because investors were intent yesterday either on realising some of the profits they have earned in the recent rally, or in shifting funds within the mar-ket, leaving some big sectors,

notably drugs, sharply weaker.

Among the drug companies to take a hit for the second day running were Merck, down \$4% at \$151%, UpJohn. \$1% lower at \$44, Pfizer, down \$2% at \$76%, Schering-Plough, \$3 lower at \$61%, and the ADRs of Glaxo, \$1 1/2 weaker at \$31 1/4. Some of the money removed

NYSE volume



from drug stocks shifted into cyclicals, lifting Caterpillar \$1% to \$46%, USX Steel \$2 to \$28%, Bethlehem Steel \$1% to \$16%, and Aluminum Company of America \$1% to \$68%. Paper stocks were also in favour, with Chesapeake Corp up \$2% at \$27%, aided by a series of brokers' recommendations, and International Paper up \$1% at \$73%. On the over-the-counter mar-

ket, Intel jumped \$3% to \$59%

income of 90 cents a share, up from the 80 cents a share earned a year earlier and above analysts' forecasts.

AST Research was also higher on good earnings news, climbing \$2% to \$22 in heavy trading after reporting fiscal second quarter profits of 52 cents a share, slightly higher

than market estimates. Leading OTC stocks were mostly lower, with Microsoft down \$1% at \$129%, Sun Microsystems \$% weaker at \$33%, and Amgen, down \$4% at \$68%.

TORONTO slipped from the day's highs but held on to slight gains at midday as the upswing. The TSE 300 composite index rose 8.6 to 3.665.4. just ahead of a resistance level at 3,660. Advancing issues led declines by 230 to 230. Volume was moderately heavy at 23.41m shares valued at C\$277.5m.
Cyclical shares were in

favour, with Inco firming C\$% to C\$38% and Alcan Alumin-tum gaining C\$% to C\$25%.

Among active stocks, Nova Corp rose C\$% to C\$7%, and Rogers Communications B were steady at C\$14. Ocelot Industries fell C\$% to C\$11% and Lac Minerals rose C\$% to

Yen's sharp decline wipes out Nikkei's early gains

PRICES received an early close overnight but quickly retreated on pressure from the yen and index-linked and arbitrage selling, urites Nell Weinberg in Tokyo.

The Nikkel average closed down 162.94 at 21,612.19, the lowest finish since December

11 1991. It hit a daily high of 22,134.88 and a low of 21,500.55. Volume rose to 240m shares after Tuesday's 179m. The market was closed on Wednesday for a national holiday.

Declines outnumbered rises

by 597 to 353 with 168 issues unchanged. The Topix index of all first-section stocks fall 6.03 to 1,618.38 and in London trad-ing the ISE/Nikkel 50 index fell

The early morning surge on index-related and foreign buy-ing quickly ran out of steam. kness in the bond market and the yen's sharp decline against the dollar prompted unloading of shares and triggered sell programs among for

eign institutions.

Many investors took a waitmany investors took a wat-and-see stance amid continuing trust fund and corporate sales and the unfolding scandal involving Mr Fumio Abe, for-mer secretary general of Prime Minister Kiichi Miyazawa's rul-

ing party faction.
"Some people think that if the Nikkei breaks below strong [technical] support at 21,600, it will hit 20,000 in the next few days," said Mr Masateru Igata of Salomon Brothers.

Speculative issues were the day's biggest losers, with Tak-uma off Y180, or 14 per cent, at Y1,080 and Clarion down by Y100 at Y830. Talk of financial trouble among speculative groups led to the sell-off, in a sector which has outperformed the Nikkei index by about 20

Export-oriented shares fared well on the yen's decline, with TDE advancing Y230 to Y4,230 and Sony Y80 to Y4,080. Financials also advanced, with Industrial Bank of Japan up Y50 to Y2,950 and Daiwa Securities Y20 to Y1,110. In Osaka, the OSE average

Roundup

HONG KONG continued to power shead, as Wall Street encouraged most of the region. HONG KONG advanced solidly to a third consecutive record high, helped by Wall Street and optimism over US-Sino trade talks. The Hang 4,412.14 in turnover of

HK\$1.92bn, up from HK\$1.76bn. Property counters turned in the day's best gains, while other important sectors were moderately higher. SINGAPORE rose for the

second consecutive day and the positive sentiment spilled over into KUALA LUMPUR. The Straits Times Industrials Index ended 19.75 or 1.3 per cent up at 1,529.05 in turnover of \$\$305.7m after \$\$235.5m. The KLSE composite index climbed 16.95 or 3.1 per cent to 569.23, its highest close since August 14, in turnover of M\$187.6m

after M\$92.1m. Singapore motor dealer Cycle & Carriage jumped 45 cents to S\$6.90 in an active 864,000 shares, on reports that the company's motor fran-chises have been increasing their market share in spite of government measures to con-

trol car growth.
TAIWAN closed above 5,000 for the first time in five months on expectations of a cut in domestic oil prices. The

144.93 130.33 144.77 171.65 +0.1 121.55 122.33 +1.5 154.11 146.15 159.93 152.23 +1.5 107.45 103.25 107.30 104.57 +0.1 107.45 109.02 113.25 112.33 +0.7 143.27 137.74 143.12 186.00 +0.1 104.83 100.80 104.73 106.49 +2.0 127.11 122.21 120.97 130.52 +1.3 115.47 111.02 115.34 114.58 +0.8 122.14 177.43 122.07 130.39 +0.4 123.02 119.14 123.78 131.73 +0.5 135.80 130.56 135.86 148.77 +0.7

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weighted index, wavering in a 100-point range all day, ended 83.89 or 1.7 per cent higher at 5,022.96 in turnover of T849.3bn

AUSTRALIA lost ground on rumours that the budget deficit had soared to A\$9bn from the official forecast of A\$4.7bn. The All Ordinaries index closed at 1,678.5, down 2.1, in turnover of A\$275m. The finance minister, Mr Ralph Willis, denied the declined 140.96 to 23,057.71 in volume of 27.4m shares. Nissel Build lost Y160 to Y4,610. rumours after hours.

The All Recources index held on to early gains, rising 5.5 to 954.4 with the help of the lower

Australian dollar.
Turnover included the placing of 5m MIM shares at A\$2.40 by McIntosh Securities. MIM closed five cents lower at A\$2.39. The fall follows Wednesday's announcement that interim net profit had imped to asiem from

A\$67.5m a year ago. NEW ZEALAND was lifted by a 22 cent rise in Fletcher Challenge to NZ\$3.62 on overseas buying. The NZSE 40 index gained 14.07 to 1,517.77 in turnover of NZ\$38.83m.

turnover of NZ\$38.83m.
SEOUL lost early gains as rumours of a summit between the presidents of North and South Koraa and of lower oil prices were denied by the government. The composite stock index ended up 5.56 at 610.19 in turnover of Won357bn after Won357bn after

Won231bn.
BANGKOK saw the most active day in the 16-year history of the Stock Exchange of Thailand, turnover hitting 8t8.59. The SET index rose 15.34 to 758.33, the largest index gain in more than a

Some brokers said that the market had heated up too fast. The SET president, Maruey Phadoongsidhi, said on Wednesday that from January 20 the margin loan require-ment will be increased from 40

1/1.52 141.66 145.08 120.06 185.24 153.90 135.46 112.11 169.58 140.39 124.38 102.95 149.31 123.57 137.83 114.05 145.10 120.15 147.42 122.00 161.02 133.25

3.85 2.19 1.17 2.35 2.86 3.10 3.89 2.37 2.26 3.26

The World Index (2249)... 147.51 -0.4 124.54 119.73 124.40 132.23 +0.6 2.56 148.16 122.51 118.78 122.62 131.58 153.70 123.28 123.28

116.29 140.48 103.05 106.57 136.92 50.71 119.70 110.48 116.38 118.17

119.97 152.19 100.31 112.01 140.23 102.97 123.48 113.66 120.07 121.91 133.16

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Macken-1, in conjunction with the Institute of Actuaries and the Faculty of Actuaries

European leisure sector's high-profile trio Michael Skapinker, Leisure Industries Correspondent, looks at share price prospects A GROUP of 16 disgrun- ings ratio of close to 100

GROUP of 16 disgrun-tled French building contractors alleged this week that Euro Disney, the theme park operator, owed them FFr850m (\$155m) in unpoid bills.

Euro Disney shares shrugged off the allegation to close last night at FFr147.5, within squeaking distance of their all-time high of FFr153 on Jan-uary 3. Over the past five months Euro Disney has outperformed the French market by about 20 per cent.

Analysts disagree on the commercial prospects for the theme park, which is due to open on a 5,000-acre complex east of Paris on April 12. There is agreement on one point, however the time to take profits is fast approaching

Analysts think the hype leading up to the opening of Euro Disney could lift the shares still further, but Ms Anita Hibbert of Smith New Court points out that the stock is on a prospective price-earn-

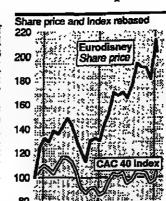
Some analysts worry that if there are early organisational or teething problems, this could set the park back. They also fret about the effects of the cold Parisian winter and

unreliable summer.

Ms Hibbert is among the Euro Disney optimists, in spite of having visited the site in December when visibility was only 30 varies because that only 20 yards. She argues that the novelty factor will boost winter attendances, if only in the first year.

Investors interested in a more established profits record might want to look at Poly-Gram, the London-based music company whose shares are traded in Amsterdam and New

Only 20 per cent of the shares are publicly traded, the rest being owned by Philips, the Dutch electronics giant. There has been speculation that Philips might want to reduce its holding, but given that PolyGram is one of the



troubled group's star performers, analysts do not expect that

Noven 1990

PolyGram - whose artists include Luciano Pavarotti, Sting, Dire Straits and U2 - reported a 24.6 per cent rise in net income to Fl 147m in the first half of last year, in spite of the economic downturn in the UK and the US.

from the popularity of highmargin compact discs, which accounted for 48 per cent of unit sales in 1990, compared to 37 per cent for the industry. In spite of vigorous criticism from consumer organisations, music companies have been able to keep European CD prices well above those for vinyl records and cassette tapes. Worldwide unit sales of CDs rose 28 per cent to 770m in

1990. In the same year, world-wide sales of cassettes fell for the first time since their introcent in unit terms to 1.45hn. Following the recent decision of retailers, such as WH Smith in the UK, to stop sell-ing records, the relentless rise of CDs appears to be good news for companies like PolyGram. Mr Bert Jansen of Paribas Capital Markets cautions, however, that the rate of growth of CDs will probably slow with increasing market penetration in the developed countries.

involved in the development of Digital Compact Cassette (DCC), a Philips invention which looks like an ordinary cassette but has a sound quality equivalent to CD. Prospects for DCC look reasonably good but they are unlikely to grow at the same rate as CDc. On a prospective multiple of 15, the shares are trading at a premium to the Dutch market average of 9. Mr Janaga says, and he would only recommend buying them below Fi 32. The

rish hotel group, Accor, Mg. Dominique Carrel of Paribas says that the acquisition of Wagons-Lits, the Belgian tourism and travel group, will lead to short-term weakness, smoother and travel group. the early days will probably require substantial restruction ing. However, there is scope for management improvement at Wagon-Lits and the longer-term outlook is seen as good

Profit-taking dominates continental trading

dominant feature on most bourses yesterday, with the bourses yesterday, with the effect emphasised in late-closing markets by Wall Street's opening decline, writes Our Markets Staff.

FRANKFURT, closing early, saw the DAX index end only

1.16 lower at 1,666.34, after 1.16 lower at 1,666.34, after Wednesday's 2.4 per cent gain and a 3.34 rise to 676.01 in the FAZ at midsession. Thursday's enthusiasm for dealing subsided, volume falling from Wednesday's DM10.1bn to DM7.8bn. But the short-term vogue for cyclical stocks continued, said Mr Michael Gelger at County NatWest.

at County NatWest. Chemicals fell out of favour after a rise of a few days, suggesting that Germany at the moment is a traders' market. Bayer led the way down with a DM6 fall to DM294.50 after a DM12.70 rise on Wednesday, with BASF DM2.80 lower at DM240.80.

Steels took over the running to the dismay of fundamenta analysts, who heard Thyssen's involvement in the purchase of east German petrol stations (along with the retailer, Asko, which rose DM18 to DM6.50) advanced as one reason for the sector's improvement. Klöck-ner-Werke put on DM6.90, or DM118.40 although, said Mr Geiger, its 1991 results are going to be "dreadful", and its 1992 performance is likely to be

cial situations, as its rise was interrupted by Wall Street's weak start. The CAC 40 index went as high as 1,877.57 before closing 13.44 lower at 1,860.19 in estimated turnover of FFr3.1im after FFr4.3bn. Eurotunnal bucked the trand

and jumped FFr1.90 or 4.2 per cent to FFr47.40 with 261,620 shares traded, on talk that it was close to resolving its dis-pute with TML, the consortium building the tunnel. Lyonnaise-Dumez recovered

from the day's lows of FFr436.50 to close just 90 cantimes down at FFr442.50 on a day that 1991 net profit fell by

SOUTH AFRICA

JOHANNESBURG paused after its record-breaking rise. The overall share index fell 41 to 3,672 and the industrial index lost 48 to 4,487. The all-gold index dropped 15 to 1,283. Vaal Reefs ended R2 softer at R222 but off a low of R220.

L79 at L1,202. AMSTERDAM closed mixed FT-SE Eurotrack 100 - Jan 15 the announcement that Mr Hourty changes

1100.02

Open 10 am 11 am 12 pm 1 pm 2 pm 3 pm close 1136.61 1136.10 1138.13 1139.43 1138.41 1135.78 1136.38 1131.02 Day's High 1144.37 Jan 14 111287 Jan 10 1105,40 Jan 15 1140.52 Jan 13 1105.02

> about 20 per cent from 1990 lev-els, a smaller fall than the mar-ket had been expecting. The luxury group LVMH fell FFr150 or 3.4 per cent to FFr4.270 on rumours of down-

> gradings or a rights issue. Among smaller stocks, Per-rier rose FFr30 or 2.2 per cent to FFr1,388 on volume of 55,000 shares on hopes that the com-pany's controlling shareholdwould have to make a full bid. The media group, Hachette, rose FFr10.40 or 7.1 per cent to FFr167.90 on news that the Italian businessman, Mr Silvio Berlusconi, had offered to rescue the troubled TV station, La Cinq. Weakness in US pharmaceuticals pulled Sanofi

down by FFr44 or 3.8 per cent

STOCKHOLM advanced lo heavy trade, the Affarsvärlden General index closing 5.7 higher at 980.4. Dealers said that advances among cyclically-sensitive shares, such as those in the forestry sector, helped turn the trend after an earlier fall on profit-taking.

The forestry sector rose 2.1 per cent with Stora B closing SKr13 higher at SKr286. Turnover was SKr777m, up from SKr721m previously. resurgence continued, the mar-ket ending at a 1992 high in the higgest volume so far this year.

The Hex index rose 16.58 to 893.70. "Demand remains strong, there are no signs of an end to the rally", said one bro-

Jorma Ollila, the president of Nokia Mobile Phones, would replace Mr Simo Vuorilehto as the industrial conglomerate's chief executive immediately and will take over the chair-

nanship in June. COPENHAGEN's CSE index was down 2.34 to 362.95 on profit-taking brought on by fears over how Wall Street would react at the opening. Banks. insurers and industrial all

Novo Nordisk's fall of DKr18 to Dkr546 followed the decline in pharmaceutical shares in London and Wall Street, and elped depress the market. OSLO industrials were

underplaned by higher aluminium and oil prices, and the all share index rose 2.86 to 455.32.

MILAN closed firmer on the first day of the February trading account but came off the day's highs on profit-taking. The Comit index rose 3.57 to 551.08 in turnover estimated at less than Wednesday's

Pirelli continued its recovery, closing up 7 per cent or

as Wall Street opened lower, The CBS Tendency Index fell 0.1 to 120.2. Profit taking and a weaker dollar sent Aegon 30 cents lower to F1 127.00 while Amev closed 90 cents down at

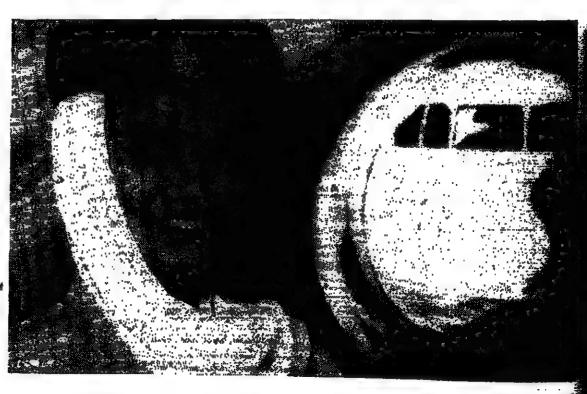
ZURICH ended lower after two days of gains, turnover tailing off in the afternoon after active early dealings. The all-share SPI index fell 4.5 to 1,108.7 after rising three points

in mid-morning.
MADRID, which liked
Wednesday's consumer price inflation data, decided to worry about the subsequently pub-lished rise in the core inflation rate from 6.1 per cent in 1990 to 6.5 per cent in 1991. The general index closed 1.83 lower at 256.68, in volume estimated at around Pta17bn.

ISTANBUL soared 9.2 per cent to its highest level since February 27, 1991, on reports that the government would reveal measures to boost stock market activity on Saturday. The 75-share index rose 431.67 to 5,128.91 in turnover of

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RECRUITMENT

JOBS: Study casts doubt on the usefulness of performance-pay schemes for executives

HEYRE like filicit love affairs.
or so I'm told, anyway" said
Denek Turrington of University of Manchester Institute of Science and Technology, When you're not personally involved in one, you feel you're missing out on something marvellous. When you are involved, you spend most of the time being miserable.

what the UMIST professor was talking about was performance related pay schemes for higher maked stall, which pied to be called incentive pay systems. And by the end of his session at the Highth Psychological Society's conference the other day, he and his audience had shell light on the reasons for the change of this first one thing some Of the change of this first one thing some Of the change of this. For one thing, some 95 per cent of those present felt that, in general, such general, such generals had more of a disincentive effect

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the Release to the weather that you we have the same that the large to the same to the same that the large to the same to the same that the large to the same that the large to the same that the large that the same that the large thas the large that the large that the large that the large that th

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schemes had more of a dismocentive effect than the opposite.

Desek Torrington has studied their workings in eight-big business groups in Britain. Although he may not name them, they comprise one each in chemicals, oil, specialised lubricants, water-supply, teleocommications, computers, plus a bank and a conglomerate.

and a congromerate.
One of his findings is that the schemes are upt to be inflationary. When the ignums decided to instal them, the usual fracticion had been that they would add 3 to 8% per cent to the relevant paybill. As things incread out, the increase ran into double digits in several cases, and in one of them was no less than 27 per cent.
The unexpectedly high expense was The unexpectedly high expense was

A good way of demotivating the majority perhaps the main reason why all the unfair that popular novelists should make groups remained firmly committed to the schemes as an important part of policy. For the commitment could scarcely be

explained by the way they were working. Of the eight, only one could honestly say that its scheme was successful. The professor suspects that whether such devices work hinges decisively on company culture. For instance, the sful one was in the computer group marked by sales orientation of a strength far more often found in the United States than the United Kingdom. Moreover, the tenet that pay should depend much on

principle of the company's philosophy.

"If that's what everyone believes, you're maybe OK," he said. "But otherwise you can easily raise the spectre of unfairness."

performance measures is a fundamental

In a real pay-by-performance culture, employees presumably see themselves as resembling market traders. In Britain if not Europe generally, however, most people expect something different from employment. Derek Torrington illustrated the difference by contrasting his efforts as an author of books on management — he has at least partly written 25 of them with his work as an academic. In his author's role, he would never think it

so much more money out of the activity. But he might well be aggrieved to find the same was true of his fellow professors.

What's more the bulk of the schemes included so-called performance criteria that certainly did not reduce the risk of

raising the spectre of unfairness.

The bank was the most eccentric in dishing out the performance pay in advance on estimates of staff's likely achievements over the next 12 months. True, there was machinery for adjust-ments the following year in the event of shortfall. But the mechanism was apparently not often used. And while the rest waited for results to happen before rewarding them, their measures of what constituted above average achievement were sometimes questionable to say the least. In the conglomerate, for example, managers in the £20,000 salary range were receiving performance bonuses for being

So it is perhaps hardly surprising that seven of the eight schemes studied had proved less than a resounding success, indeed it may even be, as a member of the audience suggested, that with only rare exceptions the effect of performa schemes is to encourage the few at the cost of demotivating the many.

NOW to the table below which shows a sample of the international living-costs indicators drawn up by the P.E. International management consultancy. Anyone wanting the full survey, which gives data on many more places than the 60 I have room for and costs £300, should contact Simon McBride of PE at Park House, Wick Rd, Egham, Surrey TW20 0HW; tel 0784 434411, fax 0784 437828.

The cost indices in all cases refer to particular cities as distinct from entire countries, and are based on London prices at 100. Since the survey takes time to compile, its findings are not bang up to date. The actual levels reflected by the indices are those prevailing last October. The currency exchange-rates are those of the same date, but the inflation rates are the latest P-E could obtain from official

sources before the survey went to press. Unfortunately, since nobody seems able to devise an internationally consistent gauge of housing costs, no account of them is taken in the indices.

Otherwise, they should be a tolerably approximate guide, not least because prices tend to stay fairly stable and so can be updated for currency fluctuations.

The adjustment is made by taking the exchange rate shown in the table, dividing it by the latest market rate, and then multiplying the result by the index figure.

Michael Dixon

City.

Phice	Living coef	inita- tion %	Exth'ge min £1 =	Place	cost index	tion %	Exchige mate £1 =	Pace	cost locks	tion 9 à	Exchiga rate E1 =
Japan, Tokvo	145.3	2.7	232.75	Ireland, Dublin	96.8	3.5	1.09	Singgoons	84.7	4.0	2.95
Norway, Oslo	128.6	3.3	11.40	Taiwan, Taipei	96.6	5.1	46.48	Trinidad, P of Son	84.6	5.1	7.44
Swedien, Stockholm	124.2	10.7	10.72	USA, New York	96.2	3.4	1.75	UAE Abu Dheb	67.7	100	5.44
Finland, Halsinki	121.0	3.7	7.10	Germany, Frankfurt	94.9	3.5	2.92	Brunni	80.6	2.5	2.95
Congo, Brazzaville	120.9	2.2	496.25	Barbados, Bridget'n	93.3	5.6	3.52	Thailand, Bangkok	60.6	6.0	44.63
Switzerland, Zurich	111.8	5.7	2.54	Antique	91.6	1.0	4,73	UAE Dubai	79.6	10.0	6.44
Libya, Tripoli	111.4	4.4	0.50	Canada, Toronto	91.3	5.4	1.98	indonesia, Jakarta	78.3	8.6	3,440.05
Denmark, Copenh'n	111.0	1.8	11.24	Australia, Sydney	8,08	39	2.19	N Zealand, Wton	78.3	4.5	3.09
Ivory Cst, Abidjan	110.3	-13	496.25	Oman, Muscat	89.3	1.5	0.68	China, Beijing	77.1	9.6	9.33
Itely, Milan	105.9	6.1	2,179.75	Luxembourg	89.3	3.2	60.00	Jordan, Amman	76.0	8.3	1.19
Liberia, Morrovia	103.5	4.5	1.75	Namertands, Am'dem	89.0	4.4	3.29	Fiji, Suva	74.8	5.5	2.55
Balliames, Nossau	101,8	8.1	1.75	Centur, Coha	80.5	1.6	6.38	Tunisia, Tunis	74.8	8.2	1.63
France, Paris	101.7	2.6	9.93	Portugal, Lisbon	88.4	10.2	252.10	Malaysa, K Lumpur	74.5	4.3	A.79
Spain, Madrid	101.1	5.7	184.15	\$ Arabia, Riyadh	88.1	4.6	6.50	Nigeria, Lagos	71.0	7.8	18.82
Salgium, Brussals	100.8	2.2	60.00	Papua NG, P M'sby	37.7	6.8	1.65	Morocco, C'bianca	70.9	8.3	15.63
Seychelles, Victoria	100.7	0.3	9.24	USA, Los Angeles	87.5	3.4	1.75	Paname	69.3	1.2	135
UK, London	100.0	3.7	1.00	Bateain, Manama	87.A	2.3	0.65	Bangladesh, Dacca	66.8	7.4	63.68
S Korea, Seoul	99.8	8.6	1,295.75	Romania, Bucharest	87.4	4.7	103.64	Pakistan, Karachi	57.3	12.6	42.82
Austria, Vienna	99.7	3.2	20.50	Malia Valistia	86.6	7.3	0.57	India, Bombay	58.6	12.1	45.06
Maryritania Nichott	a7 n	20	1.60.00	Comme Minoria	040	49	A 9A	Cuba Harman	.40.0	70	2 24

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MONEY MARKET SALES

Swiss Bank Corporation is a major AAA/Aaarated international bank offering a full range of highquality investment banking services to its clients through a global network.

The bank is the undisputed market leader in money market securities and was awarded International Financing Review's "ECP Dealer of the Year" in 1991. In addition, the bank ranks as the leading European house in the developing Euro Medium Term Note market.

Continued growth in these core activities has now created the need for additional Money Market Sales Professionals to be based in London. Responsibilities will include the distribution of EMTNs, FRNs, ECP and short-dated bonds with the primary objective of servicing and expanding the bank's extensive European investor base.

Ideally a graduate, aged 25-35, you should have at least three to four years relevant experience with indepth practical knowledge of the requisite products. A number of positions are available, one of which would include the risk management function where you will be expected to contribute in the development of hedging strategies, utilising both futures and swaps.

Joining a proven and successful sales ream you must possess excellent interpersonal skills and a solid track record of achievement. Knowledge of at least one other European language would be a distinct

These positions offer excellent scope for career advancement within one of Europe's most prestigious. financial institutions. Competitive salaries will be augmented by a full range of banking benefits.

Please write with full personal and career details to:

Steven G Ward, Human Resources, Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB.



of the compliance function globally and relevant policy issues

Candidates, probably aged in their 30's, will be qualified lawyers

or accountants, with several years' experience of the compliance function within the securities industry and also detailed knowledge of the rules and practices of the SFA. A sharp intellect and high integrity are essential and international experience

The attractive remuneration package, which will be negotiable depending on experience and ability, will reflect the importance

BANK OF IRELAND INVESTMENT MANAGERS

Bank of Ireland Group has a long-standing, impressive record in investment

management with over £3 billion funds under management. Our UK Investment

management arm provides services to pension funds, charities, corporate and

private clients. The continuous growth of our business is a direct result of outstanding performance and first-class service to our customers. We are now

LONDON

-- SENIOR PORTFOLIO MANAGER

The position primarily involves managing all UK client portfolios. It has a further

important function in the development of new business through existing and new

Reporting directly to the Managing Director of our UK fund management company,

Bank of Ireland Investment Managers Limited, the successful candidate will have a minimum of 5 years experience in our industry. Candidates are likely to be

high-calibre graduates with a proven track record in portfolio management. They

must have excellent communication skills and be fully versed with domestic and

international markets. The ability to work on your own initiative will be an important

prerequisite and ability rather than age will be the determining factor in selection.

We offer a first-class remuneration package which will be performance related and

will include company car, mortgage subsidy and other benefits.

Please send C.V. details in confidence to:

will become key areas of responsibility.

would be highly advantageous.

Swiss Bank Corporation. Schweizerischer Bankverein. Société de Banque Suisse

FLEMINGS

ASSET MANAGEMENT

EXPERIENCED UK EQUITY ANALYST

Robert Fleming is a major UK based investment bank with significant activities throughout the world. The Group manages funds worth £28 billion through its various international fund management operations. Robert Fleming Asset Management in London with £19 billion under management is one of the largest international investment management companies in the United Kingdom.

The Group now wishes to recruit an experienced analyst to join its well established UK Research Team. Flemings is a research driven organisation and the successful candidate will be expected to undertake significant UK sector responsibilities whilst maintaining a broad international perspective. He or she will take a leading role in sector and stock selection and will be expected to develop and maintain company contact at the most senior levels.

Applicants should be graduates in their mid to late twenties with a minimum of two years research experience in a leading Investment Management organisation or Stockbroker. Although this particular vacancy is in the Capital Goods group of sectors, candidates who can demonstrate a successful track sectors will be considered. Well developed analytical s vital as is the ability to present ideas clearly to senior management and clients.

A competitive salary and first-class banking benefits package will be offered to the successful candidate.

Applicants should write enclosing their C.V. and details of current remuneration to:

David Weeks, Director-Personnel ROBERT FLEMING & CO. LIMITED. 25 Copthali Avenue, London EC2R TDR.

CREDIT ANALYST to £55,000 + Bonus + Benefits + Car

Our client, a leader in capital markets, fixed-income and derivative products seeks a credit analyst with 5 years banking experience within international/ Investment banking environment. Educated to degree level, with formal US training you will be responsible for corporate and for counterparty credit analysis, country and political risk, measuring/monitoring market and unsecured exposure to counterparties, analysis of currency and interest rate exposure, ratings advisory to issuers.

Please contact Ron Bradley on 071-623 1266.

Jonathan Wren & Co. Limited, Figureial Recruitment Consulta No. 1 New Street, London EC2M 4TF Telephone 871-623 1266 Ficsimile 871-625 5259

JONATHAN WREN EXECUTIVE --

260,000 tal bank is seeking a trader with a profitable record to date in Spot \$\times or Dmk/Yen. Aged between 26 - 22, a minimum of 4 years experience is essential for this senior position. A generous performance related bonus

Position is available within a top international bank for an experienced dealer in OTC Currency Options. The incumbent will start a portfolio of currencles and trade volatility as well as taking longer term, speculative positions. Package in negotable according to profitability.

First class European bank requires a justion Foreign Exchange dealer with 2-3 years experience of trading interbank in either Spot S/Dmk or EMS Crosses. Genuine career progression is offered to the successful candidate who can

ostrate the ability to perform profitably within a team structure. Specialist FRAFatures trader is sought by a respected British bank. Dealing expertise to US S and f is required together with a sound Money Market background and working knowledge of Interest Rate Swaps and Options, Ideally aged 25 -30, graduates are preferred.



FOREX Selection

Treesney Recruitments

Leading Global Securities House Head of Compliance Excellent Package

London

Our client, a major UK securities house, is one of the most prestigious and respected names in the global securities markets. It is a highly successful and autonomous subsidiary of an eminent banking group and has offices in all major

Following an internal promotion, there is a need to appoint a UK Head of Compliance. It is anticipated that the successful candidate will become Head of Global Compliance within a year.

Reporting to the Group Finance Director and heading a small team, the appointee will be responsible for all compliance matters. This will include monitoring and ensuring compliance with all relevant rules and regulations of statutory and self-regulatory bodies; liaising with, and reporting to, the SFA; and keeping abreast of all regulatory legislation and change. The development

ST. JAMES ASSOCIATES .

of this key role in a changing and stimulating environment. interested applicants should write, enclosing a CV and details of current remuneration, to Roger Howell at the address below, quoting

MANAGEMENT SELECTION

seeking to fill the following position.

32 Old Burlington Street, London W1X 1LB Fax: 071-287 2821. Telephone: 071-287 2820. A GKR Group Company



FG Inversiones Bursatiles SA

FG REQUIRES SENIOR BOND ANALYST

F G Inversiones Bursatiles, the leading independent Madrid stockbroker, wishes to make a significant investment in the development and expension of its growing business in the Spanish out Bonds and fixed immust securides markets.

Initially F G wishes to appoint, to a new position, a senior Bond Analyst. The successful candidate, who will be based in Madrid, can anticipate a leading role in the management of this part of FG's business. He/she will have at least three years' experience in studying the fixed interest markets and will be able to express an insight into the influence that international, political and economic events will bring to bear on the bond markets. He or she will demonstrate a pro-active and forward looking approach, will have the ability, and feel the need to be able to sell ideas and should also demonstrate management ambitious. The successful candidate will be computer confortable and will be practiced in deviating and interpreting computer models. A working knowledge of Spenish would be a useful start although it is auticipated that the successful candidate will have the determination and ability to master the finer points of the Spanish leaguege within the course of his or her

A substantial remoneration is anticipated and it is expected that the appointed candidate will, over the medium term, build a prominent and recognite bond passent trans.

In the first instance write to Ricardo Mandelbaum, with a copy of your c.v. and an appreciation of how you see this appointment

> Ricardo Mandelbaum FG Inversiones Beautiles SA Jose Ortoga y Gasset, 29-5 28006 Madrid

initial interviews will be held in London and prospective con will be given an appartunity to spend a few days with FG in Madrid.

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As an experienced Fund Manager with a loyal

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071 - 586 7511

Fred Healy, Head of Personnel. Bank of Ireland Investment Managers Limited, 36, Queen Street, London EC4R 1BN.



The London Branch of a major German Bank is expanding its Project and Structured Finance activities in the UK and seeks an experienced

PROJECT AND STRUCTURED FINANCE MANAGER

The successful applicant will have a minimum of 5 - 7 years' experience in this line of business with particular knowledge in the assessment of UK project finance

He/she will be a senior member of a small Project and Structured Finance Team responsible for the development, analysis, assessment and day-to-day running of the

The position will involve customer contact and demands flexibility, an outgoing personality and the ability to make decisions. Good skills in computer modelling are

Some knowledge of German is desirable but not a requirement.

The position offers excellent career prospects in a friendly international environment.

Applicants with CV and salary expectations to Box A438, Financial Times, One

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BOND PORTFOLIO MANAGEMENT

a senior, influential role in fund management competitive salary plus benefits

Our client is a UK based bank with a developing international client base and overseas operations. We are currently retained to identify a Bond Portfolio Manager for their Fund Management Division.

This is a senior, broad ranging position, requiring full utilisation of your experience of international bond portfolio management. You will be expected to provide systematic, analytical and quantitative reviews, undertake empirical and quantitative research and contribute to in-house publications on international bond and fixed income markets. As a member of the Asset Allocation Committee, you will have a direct influence in overall client portfolio strategies and will be given considerable autonomy to manage client bond portfolios. Active marketing of bond portfolio management strategies and products to prospective clients will also be a major element of your duties.

This multi-faceted and challenging role will appeal to an ambitious individual who enjoys variety and wishes to combine all aspects of bond portfolio management and client marketing within the small, focused fund management

Applications are invited from enthusiastic, committed and self motivated individuals who are likely to have had 4 to 5 years' relevant experience, ideally gained with one of the major investment/merchant banks. Computer literacy is necessary together with a working knowledge of portfolio management and optimisation software. Candidates should hold a degree in business studies, economics or finance and may have complemented this with an MBA.

Interested applicants should send their Curriculum Vitae in confidence to: lan Dodd, Executive Director or telephone for an initial discussion.

7 Birchin Lane, London EC3V 9BY

And with the full Openinal skills

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YAMAICHI-

Yamaichi Securities is one of the world's

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is its European flagship employing over

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its expanding Corporate Finance

department for highly motivated

and Portuguese clients.

Corporate Finance professionals.

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Italian, French or Spanish markets

City of London

MBA, accounting or legal qualification

Age: Late 20s - early 30s

Salary: c £50,000 plus mortgage subs, bonus and ... generous

banking benefits

Reporting to the Head of the Southern European Desk, each position's primary responsibility will be to market a full range of corporate finance services to either Italian, French, or Spanish

> in one of these languages and have extensive contacts in the public and corporate sectors of the corresponding country. A proven track record in deal making, excellent communication and negotiation skills, together with commercial flair and dynamism gained in a leading financial institution, are essential for success in this competitive and challenging environment.

It is essential that candidates are fluent

Candidates should submit a detailed cv, in confidence, to Kath Lawrence, Head of Personnel, Yamaichi international (Europe) Ltd, 111-117 Finsbury Pavement, London, EC2A 1EQ

Yamaichi International (Europe) Limited —

International Banker Kuwait

A major Kuwaiti Bank is seeking an experienced and enterprising international banker for a highly responsible position in its head office. The position provides good growth potential and involves international travel. An excellent tax free remuneration will be offered to the successful candidate.

The ideal candidate will have the following basic qualifications: University degree and/or a professional banking qualification. Excellent marketing skills and experience in the sale of bank products particularly to the corporate, correspondent bank and government sectors.

Technically proficient in the credit area. Excellent Interpersonal and communication skills.

Proficient in the English language.

Age: 30-45 years.

Experience in trade finance and asset trading fields and additional language skills will be considered as advantages.

interested candidates who meet the above basic requirements are invited to apply in confidence giving details of previous experience before 31st January 1992; quoting reference FMH/132 to: Ernst & Young, PO Box 74, Safat 13001; KuwaiL

II ERNST & YOUNG

Head of the Aston Business School

Outstanding candidates are sought for this post, to lead the Aston Business School through a period of continued expansion and development, and to enhance its position as a centre of excellence.

The Aixon Business School is already one of the largest business schools in Great Britain. Together with a very strong Department of Modern Languages, it forms the Faculty of Management and Modern Languages which contains 50% of Aston University's student population. It has a strong international orientation, and operates an extensive network of student and staff exchanges, especially in Europe. Aston University is recognised as one of Britain's leading universities in the application of Information Technology, and is well placed to meet the challenges and opportunities of the 1990s and beyond, as a leading European university.

Candidates should have a record of outstanding achievement in either the academic world, industry, commerce or the public sector. A proven academic record, with a particular commitment to high-quality research, would be especially welcome. A thorough understanding of current initiatives and challenges in management education and practice is essential, together with demonstrated ability to develop effective strategic plans in a competitive environment. Condidates should have a wide range of high-level contacts in industry, commerce and the public sector, and be able to demonstrate strong creative leadership and first-rate communication delite.

A continuing appointment, secondment or limited-term contract will be considered. The remuneration package will be negotiable, to reflect the seniority of the post within the University.

Anyone veishing to discuss the post informally may approach the Vice Chancellor, Professor Sir Frederick Crawford, or the Secretary-Registrar.
Mr David Packhern.

A Principle of the Control of the Co



Further particulars may be obtained from: The Secretary-Registrar, Aston University, Aston Triangle, Birmingham 84 7ET Quoting Ref. No. 9201/27.

ASTON UNIVERSITY

Investment Sales Manager

Major European Financial Services Group Scotland

High negotiable salary + attractive benefits package

Our client is part of one of the largest financial services groups in Europe with in excess of £20 billion under management. The group has a well established and expanding operation in the UK and can boast excellent fund performance.

It has been decided to augment the UK investment sales team by the appointment of a Sales Manager to develop and secure Unit Trust and PEP business from professional intermediaries in Scotland, the North East of England and Northern Ireland. The appointee's daily contact with the market place will assist in providing valuable input for the generation of marketing initiatives. The role also involves the motivation and training of the group's nonspecialist sales teams to enable them to secure

Ideally aged 30-45, you should be able to demonstrate a thorough understanding of investment markets probably gained from working within an investment management group, a stockbroking firm or other financial institution. Previous intermediary sales experience is not a prerequisite.

The remuneration package includes a high basic salary, mortgage subsidy, noncontributory pension, BUPA, bonus, quality car and relocation assistance where appropriate.

For a strictly confidential discussion, please telephone or write to Robin Douglas, quoting reference 1424 at FLA, 58 Queen Street, Edinburgh, EH2 3NS. Tel: 031 220 3689.

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An established European M&A advisory firm seeks M&A professionals at junior and senior levels for its

Please send resume in confidence to us at Box A437, Financial Times, One Southwark Bridge, London SE1 9HL

Frankfurt office.

FIXED INCOME SALES **E EXCELLENT**

Our client is a small capital markets specialist with offices in London, New York and Zurich. It has blue chip continental shareholders and offers its institutional clients a discreet high

We are looking for sales people of the highest calibre to facilitate major expansion plans for 1992.

We wish to hear from individuals who have an impressive track record in institutional bond sales. Suitable applicants are likely to have a strong personal client base who they would prefer to service from an independent specialist firm. They should also appreciate working in a friendly, professional and apolitical environment. Remuneration will prove attractive to the right individuals.

To discuss these opportunities further, in strictest confidence, please contact Christopher Lawless or Stuart Clifford on 071-379 1100 or write to The Bloomsbury Group, 4th Floor, Alton House, 177 High Holborn, London WC1V 7AA.



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Treasurer

c£32,500 to £35,000 pa

Pension Scheme which is currently valued at Securities Division will be necessary as well approximately £10 billion and ranks as the econd largest pension scheme in the UK. Following the privatisation of the Electricity Supply industry the Scheme operates as a ed fund for the 17 participating companies within England and Wales.

As a result of the growth of the Scheme's investments and the changes in the company's style of operation, a new opportunity has been created for a Treasurer in the company's offices in Buckingham Palace Road, SW1.

Reporting directly to the Financial Controller, you will be responsible for the day to day investment of cash balances of the scheme including its associated companies. This will involve lizison with bunks and other financial organisations. As the Scheme has extensive overess. investments, you will also be responsible for Victoria

ESN Pension Management Group Ltd is the controlling the investment of foreign as the need to carry out ad hoc financial assignments within the Finance Division.

THE

GROUP

You must bave at least 3 years' treasury experience in a large commercial/fund management organization:

· possess experience of funding methods, interest and exchange rate management, money market dealings and procedures; · have good communication skills and the ability to meet deadlines:

 preferably be a qualified accountant and have experience of computerised. instally systems.

Applications in confidence with a full CV and quoting current remuneration details should be sent at 1000 at possible to:

Recruitment Sertion

30 Millbook, London SWIP 4KD.

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A Xerox Financial Services Company

MCM supplies somen based financial information to some 1400 Currency and Franci Income dealing operations worklands, principally finough the

We are applying market analysis to joks our London based team on our Currency West and VisionNesch produces.

Candidates should ideally have: A degree in Economics or Finance

Experience in either a foreign exchange or fixed income trading

A high degree of market sensitivity is essential as the services are

continuously updated on-line. A quick reaction time, on-the-spot analysical ability, and effective cos

A high degree of team spirit

Rusncy in French or German would be an added advantage.

The right candidates will have an opportunity to rapidly develop responsibility in a seam of analysts who have an excellent ropute ace. In the first instance, please forward your CV to: Malcolm Cook

McCarthy, Crisenti & Mettel Inc 7 Holyrood Street London SE1 25. Fee: 071 357 7650 ur call un Tel: 071 376 7273

ORD MINNETT LIMITED Mining Equity Analysis and Sales

To reinlorse our commitment to international Mining equity broking, we are seeking to recruit, to our Landon team, the following experienced personnel.

INVESTMENT ANALYST

Preferably, but not essentially, with knowledge of North American and European base metal and diversified mining companies.

INSTITUTIONAL SALES PERSON

Knowledge of mining industry is essential. Experience of dealing with Continental European institutions an adventage.

Salaries will be congruensures with servi

Applicants should send their C.V., in confidence, to Reg Eccles, Managing Director, Ord Minnett Limited, One College Hill, London EC4R 2RA

EUROMONEY

Europey Graduate Marketing Job Experience Scheme money Publications PLC is initiating a new job experience scheme for up to five graduates who are interested in learning about marketing of financial publications and financial information products. The Scheme will last for three months. There will be a bursary of £500 a month paid to each trainee. At the end of three months, trainees will be assessed on their aptitutes, and a selected number may be offered

If you wish to apply, please sand a CV, plus a 200-word stansmary of why you think you are suitable for this scheme, to:

General Straken, Director Enveroney Publications Pic Playhouse Yard, Lendon BONV SEX

Senior Manager for MIDDLE EASTERN INVESTMENTS Salary Circa £30,000.00 p.a.

An Arabic and French speaking Manager is required to be responsible for supervision of Middle Eastern clients gas and oil investments

Must have a Degree qualification and over three years previous experience of working in the Branchs/oil sector, and Brat hand experience of portiolio management coupled with a strong knowledge of the business methods and culture of the Middle East.

All applications in writing with a full C.V. to: Personnel Dupt, ORES (UK) LTD, 149 Cld Park Lane, London W1Y 3LM Tel: 671 493 3245

Sales Trader – German Equities

Our Head Office in Frankfurt requires an experienced sales trader for German equities.

The successful candidate should have established contacts in the U.K. as well as a working knowledge of both the cash market and derivative instruments together with the ability to identify profitable connections between the two.

The position provides an excellent opportunity to work in a market environment which is both lively and demanding.

German language skills would be advantageous although not a prerequisite. The salary will be appropriate to the position, supplemented by a generous range of banking

Please reply in confidence with a detailed career history to:

Dresdner Bank AG Konzernstab Personal Zentrale/Ausland Jürgen-Ponto-Platz 1 6000 Frankfurt 11

Dresdner Bank



c£35,000 A top-sated European bank, long established in London, currently seeks an experienced Correspondent Banker to mauntain, service and develop an established relationship portfolio. Suitable confideries aged 420 will have a background of 3/4 years smillar responsibilities with a miles of the service of

c£30,000 The established London branch of a major interrational organisation has a sensor level opportunity to be responsible for the monitoring of all credit exposure. The duties require extensive credit related skills accounted by formal training and exposure to different types of industries, accounting treatments etc.

20,000 کئے Credit Ameryse

A major European bank offees an exceptional career opportunity for a capable graduate banker aged late 20%. With an emphasis on Financial institutions the duties will constraint investigations and analysis of corporates and market

cover investigations and analysis of corporates and market opportunities. The role will provide the potential for progression to account management and marketing Loans Documentation to £25,000 Property Finance Due to continued expansion of a specialist credit team a

Due to continued expansion of a specialist creat wast a lightly regarded. European bank seeks an additional Documentation Assistant. Largely in a support role the responsibilities will urvolve drafting documentation, assisting credit management to structure collateral, checking conditions precedent prior to drawdown plus extensive internal and external liaison. llowing the expansion of business a leading European ink seeks applicants aged 25-29 offering a minimum to years bank experience in a project finance partment plus graduate and/or ACIB qualifications of PC literacy. The duties will include general risk alysis, evaluation of new proposals and preparation amplication.

Our client, an established City based international bank currently seeks to recruit a corporate dealer. The ideal applicant aged 26-30 will possess a sound knowledge of Foreign Euchange. Treasury and Off Balance Sheet instruments together with proven

Assistant Manager – Support Services

c £25,000

Making waves in Global Custody

A mejor international bank currently seeks to recruit a senior individual with solid experience trading either spot Yen or Deutschmark/Yen. The ideal candidate agad 27-34 will have traded the above currencies for a minimum of two years and be currently employed at

A Stering FRA/Futures dealer is cornestly sought by our client a well regarded European bank. Applications are invited from candidates aged 25-32 who possess at least two years experience trading Sterling FRA3 and Cultural Intentions with a stable cause record.

or a senior spot dealer. The appointer is likely to be aged 26-32 and possess a minimum of two years experience actively trading apot Deutschmark together with a stable career record to date.

As a result of expension this well regarded European bank currently has an opening for a currency options dealer. The ideal candidate will possess a minimum of two years experience trading in this market and be seeking a role where they are able to trade strategically on a proprietary type basis.

to £55,000

£meg

to £60,000

GORDON BROWN & ASSOCIATES LTD RECRUITMENT CONSULTANTS 5th Floor, & London Wall Buildings, London Eczm Syp. Tel: 071-628 7601 FAX: 071-638 2738

Spot Dealer

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Spot Dealer

Currency Options Dealer

Corporate Dealer

Gordon Brown



Corporate Finance Manager

Our client is a market leader in privatisation and the development substantial experience in merchant banking/corporate finance. of corporate finance business in Central Europe, providing an advisory service for a range of clients in Hungary as well as in Poland. Czechoslovakia and the former East Germany.

As a result of continued expansion, this prominent investment bank wishes to recruit a corporate finance manager to work in its Budapest office. As part of a small and specialist team, be/she will be acting as advisor to Hungarian entities on privatisation issues, and major foreign companies investing in Hungary.

It is envisaged that the successful candidate will be aged between 28 and 35 with a legal or accountancy qualification and/or

one for the part of Chief

Successive.

Every extraganti this budge a full time position for the right applicant.

CV's forwarded for Box A7725,
Plannical Times, One Southwark Beldge
Lendon SE1 500L

Experience of privatisation work would be an advantage. He/she must also be willing to re-locate to Hungary for a minimum of three years and should preferably be fluent in Hungarian.

The position offers the opportunity to join a first rate organisation working in a rapidly changing and developing economy which promises to be of major importance in the next decade and

Salary will be commensurate with experience. The package will reflect the expatriate nature of the role and will include relocation

Interested candidates should contact Jane Hayes at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 (0763 208728 evenings/weekends) or write, sending details to the address below. All applications will be treated in the strictest confidence.

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Nationwide is the UK's second largest building society and one of the keys to our future success is the continual development of our Commercial Lending Division. This is greatly accelerated by our innovative product portfolio and ability to construct packages for the specific needs of our

c.£26 K + benefits
Opportunities at Northam

As this growth continues, we require man-managers with at least five year's experience of credit risk assessment and control - preferably in commercial banking - to manage client relationships and achieve financial targets. Enjoying the freedom to control your development

in this broad role, you will maximise the opportunity to increase market share by fully exploiting the advantages our creative approach

provides.
Your excellent interpersonal, negotiating and loan structuring skills will ensure an acceptable level of whilst you contribute to our risk is maintained, whilst you contribute to our growth, following leads from throughout the

Working closely with your Area Manager to review

strategic and operational direction, as you identify marketing opportunities you'll lisise with retail counterparts to maximise cross-selling and new business flow. Other responsibilities include helping to develop your team of professional financiers and managing insolvency and recovery divations.

In addition to good opportunities for personal development, your benefits will include a competitive salary, company car, concessionary mongage, company pension and life assurance schemes, and an excellent relocation package where appropriate.

The Society upholds a clean air policy for the comfort and safety of staff. Accordingly smoking is prohibited on its premises.

If you'd like to move into a strategic role in one of the most important and expanding areas of our business, please send your full c.v., to arrive by 23rd January 1992, to: Mr Pat Turner, Human Resources Consultant, Nationwide Building Society, King's Park Road, Moulton Park, Northampton NN3 1NL.



State Street

ability as a team builder.

procedures, provide and analyse management information and create the conditions in which

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motivate some thirty staff. Your minimum five years'

including work in Settlements, Corporate Actions and

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to Carol Butler, State Street Bank & Trust Company,

the world's foremost financial institutions.

it's a role that demands high-level technical and managerial skills, as well as the ability to lead and

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Naturally, we offer all the usual banking benefits.

To apply, please send your cv stating current salary

The COMMON FUND FOR COMMODITIES SEEKS a SENIOR ECONOMIST

At State Street Bank & Trust Company, we recognise

that the drive for quality is a continual process. It

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And it's the pursuit of excellence in every sphere of our

business that has helped us become one of the world's

Having created an environment which thrives on

This will involve management planning, problem

solving, setting standards and performance monitoring in

a number of support service areas - chiefly in Foreign and

Innovation, our UK base has grown rapidly in the past five

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UK Settlements, but also in Corporate Actions and Dividends. Directly influencing and enhancing our

performance in these areas, you'll review and update

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ART CHARLES

ACCOUNTANCY COLUMN

Institute declares war on its growing deficit

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DEEP IN the recesses of Moorgate Place in Loudon, home of the Institute of Chartered Accountants in England and Wales, there is a metaphorical sound of clanking. Council members are clambering into suits of armour as

they prepare for battle. After six years of timidity, the decision-makers are gearing up for a spring offensive against the critics in eir own ranks. They say they need a substantial rise in subscriptions to preserve and expand their activities. As news has trickled out from the council's annual "conference" in Bir-mingham last weekend, it emerged

that there had been unanimous approval for an increase. Proposals to go before members at their special meeting in June suggest rises in all fees charged for 1993 except those for

The principal changes are a £15 rise in the annual subscription to £115 for UK and other EC members of more than five years standing, with further rises of 125 per cent above inflation for the following two years; an increase in practising certificate fees from £36 to £50, with similar rises over the next two years; and a jump in the admission and re-admission. fees from £178 to £285 from the beginning of next year, and to £400 from the start of 1994.

"The institute really cannot continue to have annual deficits," Mr Ian McNeil, the president, warned in a statement on Monday. "Without sub-stantially increased funding, the only alternatives would be to cut essential services to members and to reduce

Mr Andrew Colquhoun, secretary

and chief executive, said on Monday that the institute is likely to reveal a deficit of £200,000 for the year to December 31 1991 when audited fig-ures are released in March, and proected a deficit of £500,000 for 1992. That comes on top of a deficit for 1990

It might seem fronic that the profes-sional association for chartered accountants was not able to balance its books in 1990, and does not anticipate doing so for the following two financial years. But Mr Colomboun has a series of responses that are by now well-oiled.

"There is nothing unique in our financial problems," he says. "At their root is the fact that our rates are very low in real terms. The Chartered Accountancy qualification offers a cachet with considerable advantages, for a price comparable to membership

of a golf chub."
Other accountancy bodies in the UK and abroad are struggling with similar deficits, he argues. So are the equivalent bodies in other professions, which often charge more (£380 last year for the Law Society). Members of the Scottish and Irish accountancy institutes pay more than their English and Welsh counterparts.

While revenues have remained static, the recession has started hurting the commercial activities of the institute, particularly the publications division. Money from recruitment adverts has declined sharply, for instance, and Mr Colquhoun predicts it will not pick up again until well

At the same time, operating costs have continued to rise. ICAEW's obli-

gations to support stronger financial reporting standards (such as its contribution to the Accounting Standards Board) and its international commitments have stretched existing bud-

"We can axe people or services but there is an impact on what is pro-vided," he says. "We cannot have a situation of continuing deficits. More discretionary activities of direct bene-fit to our members may be squeezed out. But we must continue to properly

It might seem ironic that the professional association for chartered accountants was not able to balance its books in 1990, and does not anticipate doing so for the following two years

fund our public interest commit-The council has held back from pro-

posing a large increase in subscrip-tions since 1985, when it was defeated by just 0.2 per cent in a vote of all members. It estimates that the deci-sion cost it £6.4m in foregone revenue

up till the end of last year.

Now they are ready for a new fight.

T believe we have a much better campaign this time," says Mr Colquhoun. In 1985, he says there was hardly any argument put forward by the counci for a substantial rise. Last autumn, by contrast, the case was put forcefully in an eight-page discussion paper sent

to members called "Financing the an increase on last year, although

The result has been one of the largest mailbags the ICAEW has ever received on an issue. While those who write are not a representative sample, officials draw comfort from the fact that about half the correspondents

have supported the council. Nevertheless, there are serious concerns voiced by members about the need for an increase, or wider doubts about the direction of the institute and the services it provides that have been stoked by the suggestion of bigger subscriptions.

One view is that the ICAEW neglects parts of its constituency, pandering to the larger accountancy firms while offering relatively little to smaller practitioners or those outside practice. Others suggest that with an increasing range of powerful indepen-dent bodies regulating aspects of the profession - such as the Accounting Standards Board and the Audit Practices Board - Its importance is

A meeting at the institute last year drew a parallel with the medical profession, which has two separate bodies: the General Medical Council, which regulates the profession and disciplines its members, and the Brit-ish Medical Association, which represents doctors' own professional interests. The ICAEW, some suggest, might have to move in that direction

There are more direct concerns about costs relating to the subscrip-tion increase as well. The ICAEW currently employs about 460 staff, a sig-nificant number by any standards and

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arguably low as a proportion of all

External consultants have scrutinised different departments for effi-ciency and have concluded, the ICAEW says, that each offers value for money and some are significantly under-resourced. The corollary, of course, is that they have failed to identify areas for savings.

How the fees are structured also raises questions. The larger firms and businesses often pay the annual subscriptions of members they employ, while others, including many sole practitioners, have to pay the fees from their own pockets. The ICAEW sees no way of being able to distinguish different fee levels for the two approaches.

"At least they have given us a lot of information on the reasons for the increases this time," says Mrs Jane Gillbe, a sole practitioner from Sur-rey. "But I think they have spent too much on glossy brochures to explain it. I can sympathise with them, but they should not have let themselves get into such a mess. I don't believe I should have to pay the increase.

She decided not to incur additional fees by registering as an auditor last year. But she does use the institute's library, and finds the services pro-vided by its tax faculty useful. In a sense, she is trapped. While she could potentially practice as a tax consultant without being registered as a chartered accountant, she says she will not resign. "I think my clients respect the chartered accountancy qualification and the ethics that go with it."

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EXECUTIVE SELECTION

Group Treasurer and Secretary

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the contribution of this function means that you must have had strong exposure to broadly based financial and management accounting systems as well as company re-organisation/ acquisition deals within a major plc. You'll need first class written and verbal communication skills, and a strength of character and mental toughness that enjoys the limelight and thrives under pressure.

Make no mistake — this is no static role. We need a strong lateral thinker with vision — possessing the self-

ability to "take charge" - indicative of someone who will make a significant impact on our ability to monitor and run our business. In return, progression within our operation is wide open - restricted only by your personal hunger and ambition.

Write, quoting reference H/1223/FT enclosing a full CV and salary details to our advising consultant, Hamish Davidson. Tell him why and how you would make a difference and the extent to which you could successfully take on and develop all the varied aspects of this role. **Executive Selection Division**

Price Waterhouse Management Consultants Milton Gate, 1 Moor Lane London EC2Y 9PB Tel: 071-939 6312 Fax: 071-638 1358

Senior Manager Forensic Accounting

City

c £50,000

Robson Rhodes are a leading medium sized practice which has taken a visionary and positive lead in restructuring core activities. We concentrate on quality niche services which provide significant added value. We are enjoying significant growth in these premium services. Through being innovative, highly skilled advisers and encompassing a thoroughly commercial attitude we have developed a strategic business with the goal of providing a total quality

We now have a requirement for a Senior Manager to join our forensic accounting unit to work on professional negligence claims, resolution of commercial disputes. international fraud investigations and expert determinations. The unit enjoys an exceptionally high profile within the firm with substantial senior partner involvement. It has grown substantially in recent years

of new assignments on a regular and consistent basis.

Ideally you will be a Chartered Accountant with the ability to communicate across accounting, legal and insurance disciplines at the highest level. With first class presentation skills and a penchant for key detail, you will need to be highly organised and able to meet strict deadlines. The role will be based in London bur will involve travel and responsibilities throughout the UK and

Salary will be commensurate with experience, potential,

For further information or to arrange an initial meeting please call Charles Ferguson or Chris Nelson, our retained consultants, at Michael Page Finance on 071 831 2000, or write to them at Page House, 39-41 through this commitment particularly with the winning Parker Street, London WC2B 5LH.

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CHIEF ACCOUNTANT

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Cheshire

This leading European chemicals, pharmaceuticals and metals group has substantial and expanding UK operations, and now seeks to appoint an experienced accountant to strengthen its financial expertise. Managing a team of twelve, your responsibilities will include all aspects of financial and management accounting, including the preparation of accurate and timely monthly management and annual statutory accounts, pay roll

Professionally qualified, you will have sound commercial experience together with excellent communication and man-management skills. The ability to work with a high level of autonomy and to tight deadlines is essential, and candidates should also be capable of developing into a more senior role in due course.

To apply please send ev indicating current salary to: Bethan Keirl, Ref. 5500/BK/FT, PA Consulting Group, Fountain Court, 68 Fountain Street, Manchester M2 2FE. Tel: 061-236 4531.

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MBA/ACA

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Despite the adverse economic climate, this dynamic group has achieved outstanding growth through a selective strategy of organic and acquisitive expansion and it is well placed to maintain this impressive record.

There is a need for an outstanding individual to create, develop and coordinate strategic initiatives within the group. Based at the group's Head Office in London, responsibilities will include:

Evaluation and appraisal of strategic options, including acquisitions, disposals and other business ventures;

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Ensuring group management information systems are developed in order to maintain and enhance competitive advantage;

Working on a project basis on a broad range of commercial and financial matters.

Candidates must have at least four years corporate development experience, preferably within a consumer-oriented environment, and be familiar with advanced evaluation techniques. Well-developed computer modelling skills and knowledge of state of the art information systems are also essential. A sharp intellect and strong commercial acumen, together with excellent presentation skills, are vital to succeed within this fast-moving environment.

Interested applicants should write to James Hyde at the address below, enclosing a detailed CV, and quoting reference number 097J.

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MANAGEMENT SELECTION 32 OLD BURLINGTON STREET, LONDON WIX 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820.

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As Finance Director you will be one of the three top executives in the group. Major aspects of your role will be ensuring the provision of quality management information to enhance decision making; raising finance to support continued growth; and supporting managing directors in contract

A qualified accountant, you will be already at board level in Industry. Previous exposure to aviation, engineering or a contract based activity will be a

Please send full personal and career details in confidence, including current remuneration level, to Edward Simpson, Coopers & Lybrand Deloitle Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference ES888 on both



CHARTERED ACCOUNTANTS

We are seeking a young Chartered Accountant with good all-round training and at least one year's experience of insolvency.

The successful candidate will be required to carry out a range of assignments including corporate recovery and insolvency.

The firm currently has three insolvency licensees and the applicant will be expected to obtain the necessary qualifications to

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Management Accountant

London SW1

c£33,000

Our client is a small quoted UK oil and gas group. Since its incorporation three years ago it has built a UK and International portfolio of exploration

As a result of its rapid expansion and to meet its future plans, there is now an immediate requirement for a qualified accountant to join their small, professional team.

Reporting to the Finance Director, the role will encompass budgeting, planning, financial and management accounting. The successful candidate will become involved in PC system developments, cash management and

Candidates should be qualified accountants who feel that they could make an immediate contribution in a demanding environment. Previous oil industry experience is desirable but not essential.

Interested candidates should send a curriculum vitae quoting ref: 568 or

Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE. Tel: 071-839 4572 Fee: 071-925 2836



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Computer Audit Manager

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developed commercial and interpersonal skills. This is a genuinely high profile role requiring applicants who can market both themselves and their department within the Company, and exploit the many opportunities for career development.

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For further details and to arrange an interview, please contact our consultant Adrian Simpson BSc ACA, at Barclay Simpson Associanes, Hamilton House, 1 Temple Avenue, Victoria Embankment London EC4Y 0HA. Telephone 071-936



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Required for

LEICESTER BASED ENGINEERING COMPANY

Our client is a profitable Leicester based engineering company which has shown considerable growth and expansion over the last few years and now requires an experienced Finance Director to manage its financial and internal accountancy department. Applicants should be between 30 and 45 years of age and ideally should live in the Leicester area. Salary and benefits negotiable.

Please apply in writing to:

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Fully Appreciated

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Manchester

Manager and are looking for an ambitious accountant with the talent to take on a broadbased, pro-active role. Reporting to our Financial Controller, your role

will be to manage and co-ordinate our accounts

function which spans 14 profit centres, and to actively contribute to financial growth. More specifically this involves, managing and preparing timely reports, initiating investigative reports and extensive liaison with external organisations. Where Innovation is A fully qualified accountant with at least 3 years' post qualifying experience gained in a commercial environment, you must have firsthand experience of implementing and developing sophisticated computerised accounting systems. In addition, you'll need well-honed communication and interpersonal skills to enable you to inspire the confidence and co-operation of your own

> We will reward your professionalism with an excellent salary and the kind of benefits you would expect from a company of our standing, including fully expensed company car and BUPA. In the first instance please write or telephone for an application form to: David Wakefield, Personnel Manager, Sharp Electronics (UK) Ltd, Sharp House, Thorp Road, Newton Heath, Manchester MIO 9BE. Tel: 061-204 2462 (Direct Line)

team, as well as colleagues in other functions.

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Based initially at the manufacturing operation near Rome, the Financial Controller will play a full role in the management of the company. Knowledge of Integrated Cost and Manufacturing Control Systems is necessary, together with a practical approach to problem solving. Prior career experience should include US GAAP reporting, Treasury Management and Business Planning. The Controller will report to the local General Manager and should be fluent in Italian. Age should be mid/late thirties with at least ten years senior financial management experience.

GROUP CONSOLIDATION - BELGIUM

Based at the European HQ in Brussels, this position manages the consolidation, analysis and interpretation of Group performance. Reporting directly to the Group Controller, the successful candidate will travel extensively in Europe and participate in a wide range of issues affecting financial performance. Experience of US GAAP and Data Base Management is necessary. With a minimum of five years post qualification experience, candidates should be fluent in English and at least one additional european language.

Salary and benefits for each position will be commensurate with candidate experience and the respective responsibilities of each position. Assistance with relocation will be

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 to provide timely and accurate financial and management information, ensuring sound analysis and reporting standards to continue the development of computerised accounting and management information systems Package c.£35,000

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Candidates will be computer literate, qualified accountants with a successful record as an improvative financial composer in a small company environment. Commercial awareness and maturity will be essential characteristics together with excellent communication skills and the ability to adopt a diplomatic, yet

Full c.w. should be sent to: Baker Tilly Management Consultants 22-24 The Courtyards, Croxley Centre, Hatters Lane, Wattord, Herts, WD1 8RR

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FINANCIAL CONTROLLER

AT THE LEADING EDGE OF THE NEXT STEPS INITIATIVE

Central London c.£40,000 + performance pay

The Government's Next Steps initiative has resulted in fundamental and far-reaching change in many parts of the public sector, with many new organisations being formed and long-entrenched attitudes replaced by a new service-orientated regime. This trend is underlined by a firm commitment to the principles of Total Quality Management. Owing to an internal restructuring in response to these radical changes, this leading service provider is strengthening its central senior management team with the addition of a high-calibre finance professional.

Reporting to the Director of Finance, you will have total control of this major organisation's finance function,

including a significant new systems development. Managing a substantial team, you will be responsible for the production of all financial and management accounting information, including budgeting and planning, and will ensure that financial systems and procedures are sufficient to achieve the Total Quality objective.

A fully qualified accountant, probably in your 30s or 40s, you will have an impressive record of running the finance function of a large organisation and leading a large team. Knowledge of cash accounting is mandatory and equally important will be your ability to manage change and contribute to the evolution of this dynamic organisation. Experience of the public sector would be useful.

To apply, please send a full cv, indicating current salary, to Patrick Johnson, Ref: 5606/PJ/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

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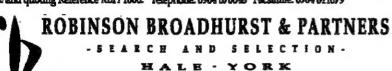
THE ROLE

Develop independent accounting structure to enhance financial controls and evaluate business performance. • Strengthen systems to improve reporting capabilities, management information, and maximise profitability. • Key member of management team with full involvement in development of business unit's strategic direction and general management.

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Qualified Accountant. Aged 33-38. Previous experience of f.m.c.g. environment, preferably food and drink, with major multiple retailer contact. . Excellent man manager, communicator and team player. Persuasive and action-centred style that achieves results. • Track record of successful implementation of profit improvement programme in sophisticated manufacturing environment.

Please reply in writing to Townsend House, 30 Monkgate, York, YO3 7PF enclosing a full curriculum vitae and quoting Reference RBH 1006. Telephone: 0904 670648 Facsimile: 0904 611079



FINANCIAL CONTROLLER

IMI Capital Markets (UK) Ltd plays a major role in the international operations of Istituto Mobiliare Italiano (IMI), one of the leading Italian financial services groups. The company arranges and participates in Euromarket transactions and, through its subsidiaries, actively trades International Equities.

The successful candidate will be responsible for the running of the accounting department reporting directly to the

The company provides a non-bureaucratic, pro-active, team orientated environment, and applicants should possess relevant post-qualifying hands-on experience, sound analytical and systems knowledge coupled with good communication skills, knowledge of SFA regulations and a strong academic background.

A generous starting salary is on offer together with outstanding benefits including subsidised mortgage, car and bonus.

Interested candidates should send a full curriculum vitae, including salary details and photograph to:

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Accountant - Lincoln's Inn

London WC2 to £35,000

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> Reporting to the Under Treasurer, the Accountant will assume overall responsibility for the efficient running of accounting and financial reporting activities, including the implementation of a new computer system. Emphasis is placed on increased financial awareness through communicating accurate and timely reports, especially in key commercial areas of property, catering and refurbishment projects.

You will be a Chartered Accountant (aged 30-40) with systems implementation experience, who thrives on involvement in day-to-day accounting matters. Presentational skills are also important as you will be required to attend and report at the various Committees of the Inn.

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Please reply in confidence to: Jeff Adcock or Ben Colman, Clark Whitehill Consultants Limited, 25 New Street Square, London, EC4A 3LN. Search and Selection Telephone 071 353 1577, Fax 071 353 0525.

EUROPEAN SYSTEMS ACCOUNTANT

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To lead the continuing development of our accounting and other financial systems we now need to recruit a key player for our European finance team. Using our leading-edge graphical technologies and established software tools, you will be responsible for the preparation of incisite presentation material for senior management, as well as analysis, control and exception reports.

You are likely to be a qualified accountant, but demonstrable experience of systems implementation and development is the most essential requirement. Knowledge of US GAAP and European accounting practices is desirable, as are a sense of bumour and the ability to work to tight deadlines. The role will involve a significant amount of European travel.

If you have the right profile and want to join a winning team please contact our Recruitment Consultant Adrian Hardy at Marketing Moves on 0932 253352 (during office hours) or 0932 224766 (eves/weekends). Alternatively fax or send your CV to bim at Marketing Moves, Romulus House, Church Road, Shepperton, Middlesex TW17 9JT quoting reference 421. Fax 0932 228886. Third party applications should be directed to Marketing Moves.

INFORMIX*

FINANCE DIRECTOR

London

Orbis Publishing Ltd is the £35 million turnover UK subsidiary of the USS600 million turnover De Agostini publishing group. The group is the world's leading publisher of partwork magazines and Orbis is a major part of the partwork division being responsible for publishing in the UK, German, Japanese and many other markets.

These multi-market operations are

£40,000 plus benefits

controlled from London and there is now a need to appoint a Finance Director to manage the financial affairs of this complex operation and to continue the development of the sophisticated systems that are required. Reporting directly to the Managing Director, the right candidate is likely to be a qualified accountant in his or her thirties and will be able to demonstrate both the necessary experience and maturity to carry out this important role effectively. In addition, he or she must be able to demonstrate from the start that they possess the ability to fully participate in the wider general management of the business.

Knowledge of the publishing industry is not essential but experience of international operations, taxation and currency management would be very valuable as would reasonable fluency in a European language. Similarly, it is expected that a candidate at this level would possess the inter-personal and negotiating skills necessary to handle relations with bankers and professional advisers and the effective man-management of the finance department which is small but consists of a number of qualified and experienced personnel.

If you believe you meet the criteria of this demanding position, please apply in writing enclosing a curriculum vitae to; The Managing Director, Ref LJ, Orbis Publishing Ltd. Griffin House, 161 Hammersmith Road,



c £35,000

+ car

Sussex

FINANCIAL CONTROLLER

Our client is a highly successful subsidiary of a well established international group and a market leading manufacturer of electronic control systems and instrumentation for the chemicals, oil and processing industries. Product excellence and the ability to provide "tailor made" systems solutions have ensured an outstanding reputation with an expanding worldwide customer base.

London W6 8SD.

Participating at board level, this important position offers you the opportunity to be a high profile and influential member of a highly motivated management group.

Leading a competent team you will be responsible for all aspects of the finance function including the provision of financial and management accounts, reports, budgets and forecasts. Proactive involvement in all business spheres will be essential as you will closely advise managers with regard to contract terms, pricing strategy and the financial impacts of their own operational areas.

Aged around 30 to 35 and fully qualified, you are systems literate with demonstrable business acumen and managerial skills gained within a manufacturing, engineering or electronics environment. You are aiming to be a Finance Director within 3 to 4 years.

Please contact Richard Warner at CONSULT, Atlas House, 17 London Road, Hindhead, Surrey GU26 6AB. Telephone: 0428 606797 during office hours or 0252 724671 out of office hours (Fax: 0428 607198).

GROUP FINANCE DIRECTOR

QUOTED PLC

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It seeks to appoint a top flight group finance director to join the senior management team and help ensure the successful implementation of an ambitious development plan.

Reporting to the managing director and the board, the finance director will be responsible for the smooth running of the entire group finance and treasury functions including a number of international subsidiaries.

c £60,000 + Full Executive Package

A chartered accountant, you will have a minimum of five years post qualification experience, probably gained within a large sales oriented service or manufacturing company.

A 'Hands On' management style coupled with first class Interpersonal and motivational skills are prerequisites to be successful within this fast moving and entrepreneurial organisation. European language skills together with the ability to liaise with external advisors and institutions would be a distinct advantage.

To discuss this outstanding opportunity further please contact Jonethan Cohen, on 081-954 8166 or fax 081-954 1755, or write to him enclosing a detailed CV at the address below.

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FINANCIAL TIMES

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TO £60,000 PACKAGE

This independent media communications company, dominant within the UK and European markets, is undergoing a period of exceptional growth. Commitment to a programme of investment in both people and technology underlies the company's success. Operating as it does in an unusual niche market, opportunities exist for making

This key appointment will assist the Board in the commercial and financial management of the company as it continues to expand. The successful candidate will be a Chartered Accountant with experience of working within both large and small organisations covering all aspects of financial control and with the ability to contribute effectively to the senior management team's objective of maximising profits.

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ROBERT WALTERS ASSOCIATES

are plans to establish a presence in three more countries this year and so some international travel will be necessary.

This is an outstanding opportunity for a proven finance professional to join a dynamic management

Interested applicants should write or fax brief career details to Richard Parnell at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Tel: 071-379 3333 Fax: 071-915 8714.

OBSERVER

Financial Accountant London £28,000 to £32,000

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A Financial Accountant is now required to take control of the Management Accounts section of five staff. Reporting to the Financial Controller, he or she will be responsible for the production of statutory accounts, regular management accounts, annual budgets and tax computations. Day to day duties will involve liaison with editorial, advertising and production staff

An accountant is sought with up to live years' post-qualification experience, either in a related industry or from the profession. Candidates must have a knowledge of computerised systems, be able to meet tight deadlines, have the ability to motivate staff and must, above all, have a keen sense of humour.

Interested applicants should forward a comprehensive CV to: Mr J Witts, Financial Controller, The Observer, Chelsea Bridge House, Queenstown Road, London SW8 4NN.

c £45k + Banking Benefits

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For an application form (to be returned by 7 February 1992) and further information, contact Miss C Carlin, The Scottish Office, Personnel Division, Room 408, 16 Waterloo Place, Edinburgh EH1 3DN (Telephone 031-244 3805 or GTN 7188 3805).

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INTERNATIONAL NEWS

Pace of global warming may be less than thought

By John Hunt, Environment Correspondent

THE PACE of global warming be 20 per cent slower than originally estimated, according to a report agreed by an interna-tional panel of scientists this

week.

The revised figures have come from the scientific working party of the Intergovernmental Panel on Climate Change (IPCC). The panel was set up by the UN to draw up climate change figures for next June's Earth Summit on environment and development in Rio de Janeiro.

The new assessment means that the IPCC's original prediction of a 1 degree Celsius increase in global mean temperature by the year 2025 could be delayed until the year 2030. The revision has largely been made in the light of new studies of the amount of sulphur in the atmosphere which cools the Earth's surface and offsets the greenhouse effect. But the working party emphasises that there is still great uncertainty on the sub-

ject and sulphur may have only a transient effect. If the amount of sulphur in the atmosphere is reduced by cleaner industrial methods, the pace of warming could speed up. In that event a 1 degree rise could still take place by

The depletion of ozone in the stratosphere has also offset global warming. Concentrations of other greenhouse gases such as methane from rice paddies and halogens used in fire extinguishers have slowed

However the concentrations of other greenhouse gases have continued to grow or remain steady. "The anomalously high global mean temperatures of the late 1980s have continued into 1990 and 1991, which are the warmest years on record,"

the report warns.

The results do not change the main thrust of the original IPCC 1990 science report, which was described by Mrs Thatcher as "an authoritative early warning which we ignore at our peril".

Global warming, largely as a result of carbon dioxide from fossil fuels — including coal — is still taking place at a rate which threatens the planet with rising sea levels and drastic changes in the weather pat-

Over 300 scientists worldwide contributed to the latest study, which was completed at a meeting at Guangzhou,

Russians bow under transferred prices burden

Neil Buckley sees living standards collapse as subsidies end and market forces fail to breach the gap

Beef (kg)

Chicken (kg) Potatoes (kg)

Carrols (kg) Cabbage (kg)

Oranges (kg)

HEN Russian president Boris Yeltsin city of Bryansk this week by protesters complaining about the high cost of sausage, he gave the instinctive reaction of a former communist. He

accused the manager of the sausage factory of sabotage

and ordered his dismissal.

The incident highlights both
the depth of unpopularity of
the price liberalisation undertaken by Russia and other former Soviet republics earlier mer soviet republics earlier this month, and the difficulty of adjusting to a market economy for a people that has known only a state-controlled economy for 70 years.

The price rises have become a national obsession in Russia. This week, they have haunted Mr Yeltsin at every sten.

Mr Yeltsin at every step. Mr Yegor Gaidar, Mr Yelt-Mr Yegor Galdar, Mr Yeltsin's deputy prime minister
responsible for managing the
economy, argues that the move
is "unavoidable", to reduce
Russia's budget deficit by
removing the huge, and evergrowing, burden of subsidies
that the government has paid
on goods.

on goods.
"This measure was not adopted because we thought it would lead to a blossoming of the economy or because we thought the shops would be full," he said, "but because, in the present situation, we had no other room for manoeuvre." Getting that message across to the Russian people, as their living standards plummet, is not proving easy.

Japan will give Russia and other former Soviet states Y6.5bn through the International Red Cross, foreign minister Michio Watanahe said yesterday, writes Our Foreign Staff.

Most of the humanitarian aid would go to Russia to improve supplies of food and medicine. The grants will be disbursed by the end of March and are timed to coincide with a conference to co-ordinate help for the Commonwealth of

Independent States in Washington next week.

In Lisbon, Mr Roland Dumas, the French foreign minister, called for a conference in Europe to follow up the Washington meeting. Portugal, holder of the EC presidency, said the conference could take place in March or April.

imposed administrative price rises of 300 to 500 per cent on many goods last April. A fall in production, and panic buying in expectation of further rises, contributed to an inflation rate

for the year of 200 per cent. The combined effect of this and the recent price liberalisa-tion has been that many goods have increased in price by between 10 and 50 times in less than a year. The average wage, meanwhile, has scarcely dou-bled, although wages were freed along with prices and are

expected to rise.
For the first winter since the Second World War, large sections of Russian society are threatened by real poverty.
Under the headline "We are now living as we did 45 years agn, and perhaps worse" the newspaper Nezavisimaya Gazeta this week quoted statistics showing that even before price liberalisation the standard of living in Russia had dropped to 1946 levels.

What the paper calls the

Mr Valentin Pavlov, then standard-of-living index, or the Soviet prime minister, first relationship of the average wage to prices for a range of goods, has suffered a four-fold drop in the last two years. The cost of feeding a family of three children for one day is

calculated to have risen from calculated to have risen from Rbs2 in 1985, to Rbs18.6 in 1991. Examples of the prices being paid by Russians for basic goods this week are shown in the table. Their severity can easily be appreciated by comparing them with the average manual workers' wage -around Rbs380 a month at the

around Rosseo a month at the beginning of January.

As the temperature plunged below minus 15 in south-west Moscow this week, 150 mainly elderly people queued in the snow for an hour or more to buy milk at almost 10 times its old price. A little old woman hobbled out of the show with a hobbled out of the shop with a jar of smetana (sour cream) for which she had paid Rbs14. Three years ago the same jar cost 27 kopecks – there are 100 kopecks to the rouble.
"It's not worth going shopping with less than 1,000 rou-

THE US trade deficit tumbled

to its lowest level for more than eight years in November

as recessionary forces curbed US demand for imports, the Commerce Department

reported yesterday.
The merchandise trade defi-

cit fell to \$3.6bn (£2bn); far

below analysts' expectations of a shortfall of about \$8bn. The

40 per cent drop from October's deficit of \$6.3bn mainly

reflected a 5.5 per cent decline

In a separate report, the Federal Reserve said industrial production fell 0.2 per cent in

December to register its third consecutive monthly decline since the economy began to

For 1991 as a whole indus-trial production fell 1.9 per

cent, the first annual decline

index of consumer sentiment was also reported to have fallen to 67.1 per cent in early January after 68.2 per cent in

December, a sign that consum-ers remain in low spirits.

The University of Michigan's

turn down in the autumn.

since 1982.

bles in your pocket," one woman commented. Another drew grunts of approval from the crowd as she recalled Stalin's time, when goods were

The US plans to reduce shark fishing in the Atlantic, Caribbean and Gulf of Mexico, to try to preserve species threatened by a rising demand for shark-fin soup. George Graham writes from Washington.

The US National Marine Fisheries Service plans to impose commercial fishing quotas for 29 species of coastal shark, including the tiger shark, the great white shark and the hammerhead. Ten species of pelagic shark will also be protected, with particular safeguards placed around the mako shark, much sought after for its meat. Makos less than 66 inches long may not be killed.

IIS officials said overfishing had threatened the survival of

US officials said overfishing had threatened the survival of

some species, although none were yet listed as endangered.

TYPICAL RUSSIAN PRICES THIS WEEK

State

cheap and queues were short.
"Yes, we lived well under
Stalin," she sighed.

The price rises are not confined to basic food or cicthes. The cost of a return air ticket from Moscow to London has risen from around Rbs2,000 to Rbs57,000. The economy fare to New York is now Rbs96,000 or more than 20 years' average

wages. There have, however, been

trade deficit as imports fall

The decline in the trade defi-cit reflected a \$2.4bn decline in imports to \$41.0bn and a \$0.3bn

increase in exports to \$37.5bn, a record in cash terms. The deficit was running at a

seasonally-adjusted annual

rate of \$64.7bn in the first 11 months of last year, a sharp

improvement from the annual shortfall of \$101.7bn in 1990.

However, many economists expect the deficit to begin ris-

ing again later this year if the

economy stages its expected recovery from recession.
Officials said the fall in

Hong Kong welcomes deal

averting US-Sino trade war

industrial production last winter.

Eight-year low for US

reports from cities such as Yaroslavl and Novosibirsk of prices falling after shops returned goods to the producers because they failed to sell — the first, fleeting signs of market forces.

But ordinary Russians are not the only ones complaining. Some economists – even those who supported market reforms in the Gorbachev era – have been highly critical. Mr Nikolai Petrakov a forman account. Petrakov, a former economic adviser to the Soviet president, wrote in Moscow News that it was "obvious that the reform

been duly prepared, either methodologically or organisa-tionally... Such experiments demonstrate only contempt for

Market forces, the critics say, cannot really start to operate when so much of the old system is still in place. Most state shops must still purchase their ways furnished their wares from appointed "wholesale" centres, or boxy. They are permitted to add a mark-up, limited to around 25 per cent, out of which they pay their costs and workers' sala-

The bazy purchase from the producers – such as factories and state farms – who also rake off a limited percentage. rake off a limited percentage.
It is, therefore, the producers who bear most responsibility for the level of prices, and until producer monopolies are broken, the scope for price reductions is limited.

There may be some, however, the big speech to the Russian Limited.

ever. In his speech to the Rus-sian parliament on Thursday, Mr Yeltsin attacked producers for taking excessive profits, sometimes of 200 to 300 per cent. He promised to limit profit margins of enterprises to 50 per cent, and to speed up

privatisation. Mr Galdar accepts the criticisms of his reform. But he is probably justified in his claim that the need to cut the state budget outweighs all others.

However, price liberalisation is only the first step on a very long road. If it is to travel that road successfully. Russia will need all the help it can get.

Yugoslav army 'will stay in Croatia'

By Laura Silber in Belgrade

A YUGOSLAV general has insisted the federal army will not withdraw from Serb-con-trolled regions in Croatia, in contradiction to the United Nations plan for the deployment of peacekeepers there. General Andrija Biorcevic,

commander of the Novi Sad corps of the federal army, swore that Serbs from Croatia would "lie on the roads" to stop the army pulling out of Croatia. Leaders of the federal army and Serbia have backed the peace plan, which calls for the withdrawal of the federal army troops when the UN forces are deployed.

Teams of UN liaison officers yesterday left Belgrade and Zagreb and headed for bases across Croatia, where they will establish communication links between federal and Croat troops. The UN says it will not deploy the planned force of 10,000 peacekeepers until there is a stable ceasefire. Croatia and the army yesterday accused each other of violating the 15th ceasefire in the Yugoslav conflict, brokered two

weeks ago by Mr Cyrus Vance, the UN special envoy. In an interview published yesterday in Borba, a Belgrade daily, Gen Biorcevic lashed out at the European Community for "destroying Yugoslavia, by recognising its fascist repubwhere it is because of the trea-son at the top of the state and

in the army." His remarks address the split in the top army ranks over withdrawal from Croatia and the demilitarisation of Serb irregular units. Admiral Stane Brovet, the deputy defence minister, yesterday repeated the army's plans to disarm paramilitary groups in Croatia. The general blamed Serbia's ure of the army to fill its ranks. The army and Serbia have denounced the recognition of Croatia and Slovenia.

"The army has no choice but to go on fighting until the vic-tory over fascism," Gen Bior-cevic said. The Serb-dominated army accuses Croatia of fascism, comparing it to the Ustashe [pro-Nazi] Independent State of Croatia set up in 1941, when hundreds of thousands of Serbs, Jews and gypsies were killed

Gen Biorcevic pledged that "the army can fight to the end for the defence of the rest of Yugoslavia, for which it has the power as well as the sup-port of the people".

• Italian President Francesco Cossiga yesterday began the first visit to Croatia by a for-eign head of state since the former Yugoslav republic won international recognition earlier this week, Reuter reports from Zagreb.

Italian officials said his visit was partly aimed at counterbalancing German influence in newly-independent Slovenia and Croatia.

 A British photographer died after being shot by a sniper near the eastern Croatian town of Osijek yesterday, doctors

said, Reuter reports. Mr Paul Jenks, who worked for the Frankfurt-based European Press-photo Agency (EPA), died during surgery at Osijek hospital shortly after he was shot in the head in the

blood during an anti-Japan rally in Seoul yes-terday as Japanese Prime Minister Kiichi Miya-zawa met President Roh Tae-woo. The two countries agreed to hold talks on trade co-operation but refused to cut tariffs on South

South Korean demonstrators write protests in blood during an anti-Japan rally in Seoul yesSouth Korea had called for tariff cuts on 16 items which are exported to Japan, removal of non-tariff barriers on leather and fishing industry products and a pledge on technology trans-

Pakistan and | Brazil IMF loan delay France sign THE International Monetary

power deal By Ian Davidson in Paris FRANCE and Pakistan have signed two financial protocols, to a total value of FFr1bn

nies to build two conventional power stations in Pakistan. But a French offer to supply Pakistan with a 900MW nuclear power station has been put on hold, because France now insists all civil nuclear exports must be subject to inspection under the nuclear Non-Proliferation

(£103.2m) for French compa-

Treaty (NPT).
The protocols were agreed during the visit to Paris of Mr Nawaz Sharif, the Pakistani prime minister. The two sides also agreed the sale of three French minesweepers to Pakistan, to a value of FFr1.3bn.

The French offer to supply a nuclear power station was first made by President Francois Mitterrand just under two years ago. France has contin-ued to assert its readiness to co-operate with Pakistan in the civil nuclear field, but only in conformity with the con-trols required by France's adherence to the NPT.

France is also reported to have agreed to pay Pakistan FFr600m to settle a long-standing dispute about the decision in 1978, by President Valéry Giscard d'Estaing, to cancel an agreement to supply Pakistan with a nuclear reprocessing

Fund has delayed a decision over the approval of a crucial \$2bn (£1.1bn) loan to Brazil, Christina Lamb writes from Rio de Janeiro. Brazilian officials said the

meeting, due to take place next Wednesday, has been delayed because it would clash with a meeting of heads of state from the former Soviet Union which Mr Michel Camdessus, the IMF chief, is to attend.

However the week-long delay is also seen as linked to the government's failure to win congressional approval for increased social security con-tributions to pay for a court-ordered 147 per cent rise in pen-sions. The government insists it will not resort to printing money, but has yet to explain where it hopes to find the nec-essary \$10bn without destroy-ing the fiscal targets it has presented to the IMF.

By Nancy Dunne in Washington and Simon Holberton in Hong Kong US and Hong Kong business pressure in six rounds of nego-

groups yesterday applauded a last-minute settlement avert-ing a trade war with China over its failure to protect ade-quately copyrights, patents and trademarks.

In a memorandum of understanding, signed yesterday, China agreed to provide protec-tion for US inventions and copyrighted works, including computer software, product patents, sound recordings and

trade secrets. In Hong Kong, the govern-ment and business establish-ment yesterday responded with a positive, if cautious, welcome. The agreement has averted punitive trade sanctions against China, under "Special 301" section of the 1988 US trade law, which would have harmed the colovictory for US use of bilateral negotiations under the "Special

301" provision
This success will be noted in Congress, if the Uruguay Round trade talks produce weaker sectoral protection measures such as those contained in the text proposed by Mr Arthur Dunkel, the direc-tor-general of the General Agreement on Tariffs and Trade (Gatt). To accept a Gatt agreement, the US will probably have to give up what has been a powerful weapon in its "fair trade" arsenal.

China promised to extend protection to existing copy-righted works and sound recordings as well as new works; protect computer programmes as literary works with a term of protection of 50

this year; and confirm that copyright owners of computer programmes and sound recordings will have control of the rental of their works.

month partly reflected lower output from utilities because of

The total was also depressed by a 1 per cent decline in the production of motor vehicles

and paris. Overall manufacturing oniput, however, rose by a marginal 0.1 per cent,

reflecting an increase in output

of non-durable goods.

The operating rate of facto-

ries, mines and utilities fell 0.3

percentage points to 79.0 per cent, the lowest level since April and only fractionally above the trough reached last

warmer than usual weather.

However, the resolution of this US-China dispute is seen in Hong Kong as just the first of three obstacles which US and Chinese negotiators have to overcome before fears in the colony are allayed. Mrs Hills is preparing fur-

ther actions against China, under the 301 umbrella, over trade policy issues; and, Con-gress gives every indication of wanting to fight President George Bush on the renewal of China's Most Favoured Nation (MFN) status. Mr Bush has to renew China's MFN status by

The prospect of China losing its MFN status was "in the realm of the unthinkable", one ny's economy.

The broad US-China agreement was won by insistent with a term of protection of 50 years after it joins the Berne Copyright Convention later said yesterday.

Georgia edges closer to renewed civil conflict

By Nell Buckley

GEORGIA edged towards renewed civil conflict yesterday as ousted President Zviad Gamsakhurdia was reported to be gathering his forces in the western city of Zugdidi and opposition troops occupied Kutzisi, a city only 80km to the

In Moscow, Mr Georgy Chanturia, leader of Georgia's National Democratic party and the figurehead of the opposition to the Georgian president before being imprisoned last September, said he was deeply concerned about the conse-quences of Mr Gamsakhurdia's return.

"It could lead to a shoot-out, something of that kind," he

Mr Chanturia said he did not believe Mr Gamsakhurdia would succeed in re-establish-ing power, and thought he

mum of two weeks.
"But the tragedy is that there may be more bloodshed among innocent people," he

He said Kutaisi had been occupied by opposition troops commanded by Mr Jaba Iosali-ani, one of the leaders of the military council currently running the country, in order to block any march on Tollisi by Mr Gamsakhurdia's forces. The opposition leader said he

did not believe that Mr Gamdid not believe that Mr Gam-sakhurdia enjoyed widespread popularity even among his own Mingrel people, but was supported mainly by the "Gam-sakhurdia establishment" local officials who risked losing their jobs following the ousting of the president.

Local reports, however, said that Mr Gamsakhurdia had arrived in Zugdidi with more than 5,000 supporters in 26

buses. The situation in Georgia was further complicated yesterday by the announcement that South Ossetia, formerly an autonomous region in the north of the republic, planned to hold a referendum tomorrow on possible unification with Northern Ossetia, part of the Russian Federation.

Sporadic fighting has raged between Ossetians and Georgians for more than a year.

No cheer for Spain or UK in Gibraltar poll

Bossano's re-election is a mandate to seek constitutional change, Tom Burns writes the UK to the European Community. HE complexities of the Gibraltar

dispute, which bedevils diplo-matic relations between London and Madrid, have been thrown into sharp relief by the landslide re-election of Mr Joe Bossano as chief minister this

The results of Thursday's elections to the House of Assembly in the tiny British crown colony on Spain's southern tip were announced yesterday. They gave Mr Bossano's Gibraltar Socialist Labour party (GSLP) 73 per cent of the votes cast by the 14,000 voters in a four-way contest, up from 58 per cent in

constitutional changes viewed with trepidation by London and with outright hostility by Madrid.

These include an end to Gibraltar's colonial status, which would reflect

Britain's shrinking military presence on

the rock, and the transfer of responsibility for the rock's foreign affairs from

1988. Mr Bossano, 52, a former union offi-cial, now has a mandate to push for

Gibraltar joined the EC in 1973 as a dependent British territory but it remains outside the Community's Common Customs Tariff. Mr Bossano plans to bypass the 1713

Treaty of Utrecht - under which Spain ceded Gibraltar to the British crown in perpetuity, with the stipulation that should the UK relinquish the colony it would revert to the Spanish crown. "The treaty of Utrecht is completely out of date. It doesn't envisage anything existing other than monarchies," the chief minister said.

The British government has never-theless made it plain that the indepen-dence planned by Mr Bossano is not an option: either Gibraltar is British or it is Spanish. The Madrid government is meanwhile adamant that, while all forms of safeguards can be arranged to accommodate Gibraltar's way of life, the translater of the commodate Gibraltar's way of life, the territory has to revert to Spanish sovereignty.

Desultory annual talks between

Britain and Spain on Gibraltar's future have been fiercely criticised, and boy-cotted, by Mr Bossano. He has concentrated instead on creating the basic infrastructure required to assure Gib-raltar a prosperous niche in the offshore finance industry and has built impressive modern office facilities on land reclaimed from the harbour where a dockyard once stood.

ibraltar's off-shore potential has certainly been recognised by four Spanish banks operating on the rock. One of them, Banco Bilbao Vizcaya, recently used Gibraltar's highprofile lawyers and financial experts to place a \$300m (£167.5m) preferential share issue on the New York stock mar-

But Gibraltar's long-term viability as a finance centre depends on Spain's acquiescence. At present, Spain does everything in its power – from ensur-ing endless queues at the customs post on the frontier to branding Gibraltar as a money-laundering centre - to hinder

the off-shore activities. Spain's latest obstructionist weapon

is its determination to exclude Gibral-tar from the Community's External Frontiers Convention unless there is progress in the sovereignty negotiations with the UK. Spain's veto prevented agreement on the Convention, which will govern free movement of people within the Community next year, at last month's Maastricht summit.

Spain is, in particular, pressing for the dual use of Gibraltar airport, on the isthmus linking the Rock to Spain, a no-man's land under the Treaty of

London and Madrid agreed to dual use more than four years ago but implementation of the agreement has been

blocked by Mr Bossano.

Gibraltar's offshore plans would be dealt a possibly mortal blow if the intransigence of Mr Bossano and the control of the rock. Spanish government meant the rock was excluded from the Convention.

The Financial Times (Europe) i.m.
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